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ABSTRACT

States have used a variety of strategies to educate poor students and help poor school districts adequately fund the needs of their students. This General Accounting Office report examines: (1) the size of the gap in total (state and local combined) funding between poor and wealthy districts for each state; (2) the key factors that affect the size of states' funding gaps; and (3) the effect of states' school finance policies on the funding gap. The study used school year 1991-92 district-level data to analyze each state except Hawaii and contacted state education officials to determine changes since that year. The study used standard school-finance measures and developed a new equity measure--implicit foundation level--that accounts for the effects of state policies on the funding levels of school districts. The implicit foundation level estimates the minimum total funding per pupil that districts in a state could finance if they were to make the same local tax effort. The measure helps to explain the structural forces that drive the inequities between wealthy and poor districts. The study also accounts for geographic differences in education costs and student need among districts, and uses income-per-pupil to measure districts' ability to raise education revenues. On average, wealthy school districts had about 24 percent more total funding per weighted pupil than poor districts. The data showed wide variations in the implicit foundation level that state school-finance policies supported in school year 1991-92; the national average for that year was $3,134 per weighted pupil. The implicit foundation levels of almost all states were less than their state average funding levels. Twenty-five states reported making little or no changes in their targeting of poor districts or state share between 1991-92 and 1995-96. Two tables and five figures are included. Appendices contain formulas for fiscal neutrality, implicit foundation levels, equalization efforts, and equity measures; individual profiles for 49 states; a summary of state survey results; a list of GAO contacts and staff acknowledgments; and a glossary. (LMI)

United States General Accounting Office

GAO

Report to Congressional Requesters

February 1997

ED 406 738

SCHOOL FINANCE

State Efforts to Reduce Funding Gaps Between Poor and Wealthy Districts

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GAO

United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-275105

February 5, 1997

The Honorable Jeff Bingaman
The Honorable Christopher Dodd
The Honorable Carol Moseley-Braun
United States Senate

Children who come from poor families or live in poor communities often have low levels of academic achievement and high dropout rates. In addition, poor communities often lack the tax base to provide sufficient funding for education programs, even when they tax themselves at high rates. To counteract the adverse effects of poverty, the federal government has funded education services for low achievers in poor areas through specially targeted programs.[1] This federal effort, however, only supplements the much larger role that state and local governments play.

Many states recognize the additional cost of educating poor students and the struggle of poor districts to adequately fund the needs of their students. States have used a variety of strategies to address these problems. Given your interest in the issue, you asked us to determine (1) the size of the gap in total (state and local combined) funding between poor and wealthy school districts for each state, (2) the key factors that affect the size of states' funding gaps, and (3) the effect of states' school finance policies on the funding gap. In addition, you asked us to describe the implications of this information for state policies.

To help answer these questions, we used school year 1991-92 district-level data, the most recent available, to analyze each state except Hawaii.[2] We supplemented this information by contacting education officials in the states to determine the extent to which each state's school finance system had changed since the 1991-92 school year. We used standard school finance measures and developed a new equity measure—implicit foundation level—that accounts for the effects of state policies on the funding levels of school districts. The implicit foundation level represents the minimum total funding that a state's districts could spend per student if they were to make an equal local tax effort. Our approach helps explain the structural forces that drive the inequities between wealthy and poor districts. Unlike some other studies, our analyses account for geographic differences in education costs and student need among districts[3] and use income per pupil to measure districts' ability to raise education revenues.[4] Finally, we consulted with several school finance experts on the methodology used in our review and the resulting information contained in this report.[5] Appendixes I to V describe our methodology in greater detail. See the glossary at the end of this report for definitions of key terms. We conducted our work between March and December 1996 in accordance with generally accepted government auditing standards.

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[1] The Elementary and Secondary Education Act provides targeted programs to improve educational opportunities for students such as those who are poor or who have disabilities or limited English proficiency. Title I of this act is the largest federal education program for elementary and secondary school children and is for those whose education attainment is below the level appropriate for their age. It serves over 6 million children through supplemental instruction in reading, math, or language arts.

[2] We did not review state targeting in Hawaii because the entire state is one district.

Results in Brief

Although most states pursued strategies to supplement the local funding of poor school districts, wealthier districts in 37 states had more total (state and local combined)[6] funding than poor districts in the 1991-92 school year. This disparity existed even after adjusting for differences in geographic and student need-related education costs.[7] On average, wealthy districts had about 24 percent more total funding per weighted pupil than poor districts.[8]

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[3] Because districts have different education costs, we adjusted all funding figures for geographic differences in education costs by applying a recently developed teacher cost index. We also accounted for differences in student need by adjusting the pupil count to give extra weight to those pupils who were disabled or poor or by controlling for student need factors in our regressions.

[4] Most school finance studies measure a district's ability to raise revenues for education as district wealth defined as property value per pupil. However, we used district income defined as resident income per pupil, using total income data from the 1990 census, because we could not construct a property value per pupil measure from the national district-level databases available. Furthermore, beyond the field of school finance, income—as opposed to wealth—is the most commonly accepted measure of the ability to raise revenue. The main limitation of our income measure is that it does not include commercial or other nonresidential income and may therefore understate some districts' ability to raise revenue.

[5] School finance experts who reviewed our analyses and this report are Helen Ladd (Duke University), Martin Orland (Department of Education's National Center for Education Statistics (NCES)), and Lawrence Picus (University of Southern California).

[6] In this report, we refer to total funding as all revenue from local and state sources, including funds used for capital expenditures and debt service. This excludes federal funding.

[7] Unless otherwise noted, the figures in this report are in real dollars adjusted for cost and student need differences within a state. App. V provides information on how to adjust each state's figures to make accurate national comparisons.

[8] To account for differences in student need by district, disabled students were assigned a weight of 2.3 and poor students a weight of 1.2. These national weights were developed for the Department of Education's NCES. See app. II.

Three factors affected the funding gap between a state's poor and wealthy districts.[9] First, the extent to which a state targeted funding to poor districts affected the funding gap. Although targeting efforts typically reduced funding gaps, they did not eliminate them. Second, a state's share of total funding can reduce the funding gap, even when the targeting effort is low. Finally, the local tax effort to raise education funding affected the funding gap. At the local level, the greater the tax effort that poor districts were willing to make compared with wealthy districts, the smaller the gap in funding between these two types of districts. Poor districts in 35 states made a greater tax effort than wealthy districts.

Because all three of these factors can affect the funding gap, analyzing the effects of state school finance policies (targeting and state share) required excluding the effects of the local tax effort. To do this, we estimated the foundation level that each state's school finance policies implicitly supported. This implicit foundation level estimates the minimum total funding per pupil that districts could finance if they were to make the same local tax effort.

Our resulting analysis showed wide variations in the implicit foundation level that state school finance policies supported in school year 1991-92. This variation ranged from $721 in New Hampshire to $5,415 in Alaska, with a national average of $3,134 per weighted pupil.[10] The implicit foundation levels of almost all states were less than their state average funding levels. In 14 states, the implicit foundation level was less than half the state average funding level.[11]

Although the relative tax effort of poor and wealthy districts greatly affects the funding gaps between these districts, higher implicit foundation levels can help reduce the gaps. Therefore, states can further reduce the funding gaps by increasing their targeting effort to poor districts, increasing the state share of total funding, or increasing both. Officials in a number of states reported making such changes between school years 1991-92 and 1995-96, although 25 states reported making little or no changes in their targeting of poor districts or state share.

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[9] For reporting purposes, we grouped the student population of each state into five groups. These groups were determined by ranking the districts within a state according to increasing district income and then dividing these districts into five groups, each with about the same student population. We defined poor districts as those in the first group and wealthy districts as those in the fifth group. Normally, each group consisted of about 20 percent of the student population. In some states, however, the five groups may have differed greatly in the number of students because districts cannot be statistically divided into smaller units. In a few states, one district (for example, New York City) accounted for more than 20 percent of the student population and represented the entire group. Nevada was divided into only four groups because of the distribution of the student population, with the wealthiest group being group four.

[10] These amounts are adjusted nationally for differences in cost and need.

[11] The average is the maximum foundation level that is possible in a state given its total funding for education. To achieve the maximum, states would have to optimize their policies to fund education and target poor districts to enable all districts to finance the average funding level with an average tax effort.

Background

Until the 1800s, America's schools were mainly private local entities. In the mid-1800s, several states rewrote their constitutions to create statewide public education systems and establish government responsibility for financing schools.[12] Today, all states have constitutional provisions on free public education, and, based in part on these provisions, a number of state courts have ruled that education is a fundamental right subject to equal protection under the law.

The largest single federal elementary and secondary education grant program is title I of the Elementary and Secondary Education Act. The program, which began in 1965, continues to focus on providing compensatory services to educationally disadvantaged children through categorical, program-specific grants. The fiscal year 1997 appropriations for title I compensatory education for the disadvantaged was $7.7 billion.

State and Local Funding Varies

Federal aid, however, only provides about 7 percent of the funding for elementary and secondary education. Nationwide, the other 93 percent is about evenly split between state and local funding,[13] although the state share of total (state and local) funding for education varies by state. Although states have increased their control over schools, state contributions in the 1991-92 school year varied from 8 percent of total funding in New Hampshire to 85 percent of total funding in New Mexico.[14]

States' ability to fund education also varies. States with higher income levels can provide more funding for their students. In the 1991-92 school year, states' average income per weighted pupil ranged from $41,385 in Utah to $160,761 in New Jersey. States also vary in the number of students with additional educational needs, such as poor or disabled students, who tend to have education costs higher than average. For example, the student poverty rate among states in 1989 ranged from about 33 percent in Mississippi to under 8 percent in New Hampshire.

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[12] Allan R. Odden and Lawrence O. Picus, School Finance: A Policy Perspective (New York: McGraw-Hill, Inc., 1992), pp. 1-19.

[13] School Finance: Trends in U.S. Education Spending (GAO/HEHS-95-235, Sept. 15, 1995).

[14] Our analysis excludes Hawaii, where the state provided nearly 98 percent of the total funding, exclusive of federal funding, in the 1991-92 school year.

In addition, localities' ability to raise revenues varies widely. Localities raise revenues primarily through property taxes and, to a lesser extent, through local sales and income taxes. However, a heavy reliance on local property taxes as a major source of school revenue has produced funding disparities because school districts' property tax bases vary widely. Localities with low property values usually have low funding per pupil even with high tax rates; localities with high property values have high funding per pupil even with low tax rates.[15] Since the late 1960s, the funding gaps arising from the continued reliance on local tax revenues have led to litigation challenging the constitutionality of state school finance systems, with varying results.

Achieving Equitable School Finance Systems Involves Complex Issues

Researchers concerned about the equity of school finance systems—that is, the distribution of education funding—have focused on two important definitions of equity: vertical equity and fiscal neutrality. Vertical equity recognizes that legitimate differences occur among children and that some students, such as those who are disabled, have low academic achievement, or limited English proficiency, need additional educational services. After adjusting the pupil count to give greater weight to those pupils who need extra educational services and adjusting the funding for cost differences in educational resources, some experts would argue that funding per weighted pupil should be nearly equal among districts. Fiscal neutrality asserts that no relationship should exist between educational spending per pupil and local district property wealth per pupil (or some other measure of fiscal capacity). That is, the quality of education should be a function only of the entire state's wealth, not of a locality's. Unlike vertical equity, which calls for nearly equal funding per weighted pupil among districts after adjustments have been made, fiscal neutrality allows for differences in funding as long as they are not related to the districts' taxable wealth.

In addition to equity, researchers are also concerned about the adequacy of educational resources. Education funding is termed adequate if it enables each student to achieve some minimum level of academic performance. Not much is known, however, about the level of funding needed to achieve a certain level of performance. As a result, determining an adequate level of funding for a district is difficult.

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[15] Allan Odden, "School Finance in the 1990s," Phi Delta Kappan, Vol. 73, No. 5 (1992), pp. 455-461.

In response to legal and political pressures, states have sought to equalize—that is, compensate for the differences in—districts' abilities to raise revenue for funding education. In general, states have used one or both of the following equalization strategies: added new state or local money to the school finance system to increase funding for poor districts or redistributed the available funding to poor districts by modifying school finance formulas. Redistributing education revenues may also include recapturing the local revenues raised above an established level in wealthy districts and giving them to poor districts.

One of the more common funding formulas used to equalize the ability of districts to raise education revenues is the foundation program. A foundation program sets an expenditure per pupil—the minimum foundation—at a level that would provide at least a minimum-quality education for every pupil. Usually, districts must put forth a minimum local tax effort to receive state aid, which makes up the difference between what localities raise by the required local tax effort and the foundation amount. This funding formula results in states targeting more state education funds, on a per pupil basis, to those districts with low tax bases than to those with high tax bases.

Despite the seeming simplicity of this funding formula, equalizing school finance systems is a complex and difficult undertaking. In a recent report, we reviewed the experiences of three states that had used one or both of the equalization strategies noted above.[16] Although these states reported reduced funding gaps, their legislative solutions reflected citizens' concerns about increased taxes to raise more state revenues and concerns of wealthy districts that wanted to maintain existing spending levels.

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[16] School Finance: Three States' Experiences With Equity in School Funding (GAO/HEHS-96-39, Dec. 19, 1995).

Wealthy Districts Had More Education Funding per Weighted Pupil Than Poor Districts in Most States

Although most states pursued strategies to supplement the local funding in their poorest districts, the strategies generally did not offset the advantage of wealthy districts in raising local funds. These results occurred even after adjusting for the geographic differences in education costs and student needs within each state. In most states, the total funding per weighted pupil[17] in districts was still largely determined by districts' income per weighted pupil.[18] In other words, these states had not achieved an income-based fiscal neutrality in their school finance system. On average, wealthy districts had about 24 percent more total funding per weighted pupil than poor districts.

Figure 1 ranks states according to the extent to which total funding of school districts in school year 1991-92 was linked to district income. In this figure, the center line, which equals a fiscal neutrality score of 0, represents the goal of ensuring that education funding is unrelated to differences in district income per weighted pupil. The figure shows that the total funding of districts in 37 states favored wealthier districts; that is, the total funding increased as the income of the district increased.[19] In three states the opposite occurred—the total funding decreased as district income increased.[20] Among the 37 states whose school funding favored wealthier districts, the amount of funding available as district income increased varied widely. At the high end of the 37 states, students in Maryland had about $25 more in total funding for a $1,000 increase in income per weighted pupil above the state average. At the low end, students in Washington had only about $4 more for a $1,000 increase in income per weighted pupil above the state average.[21]

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[17] To account for differences in student need by district, disabled students were assigned a weight of 2.3 and poor students a weight of 1.2. These weights were developed for the Department of Education's NCES. See app. II.

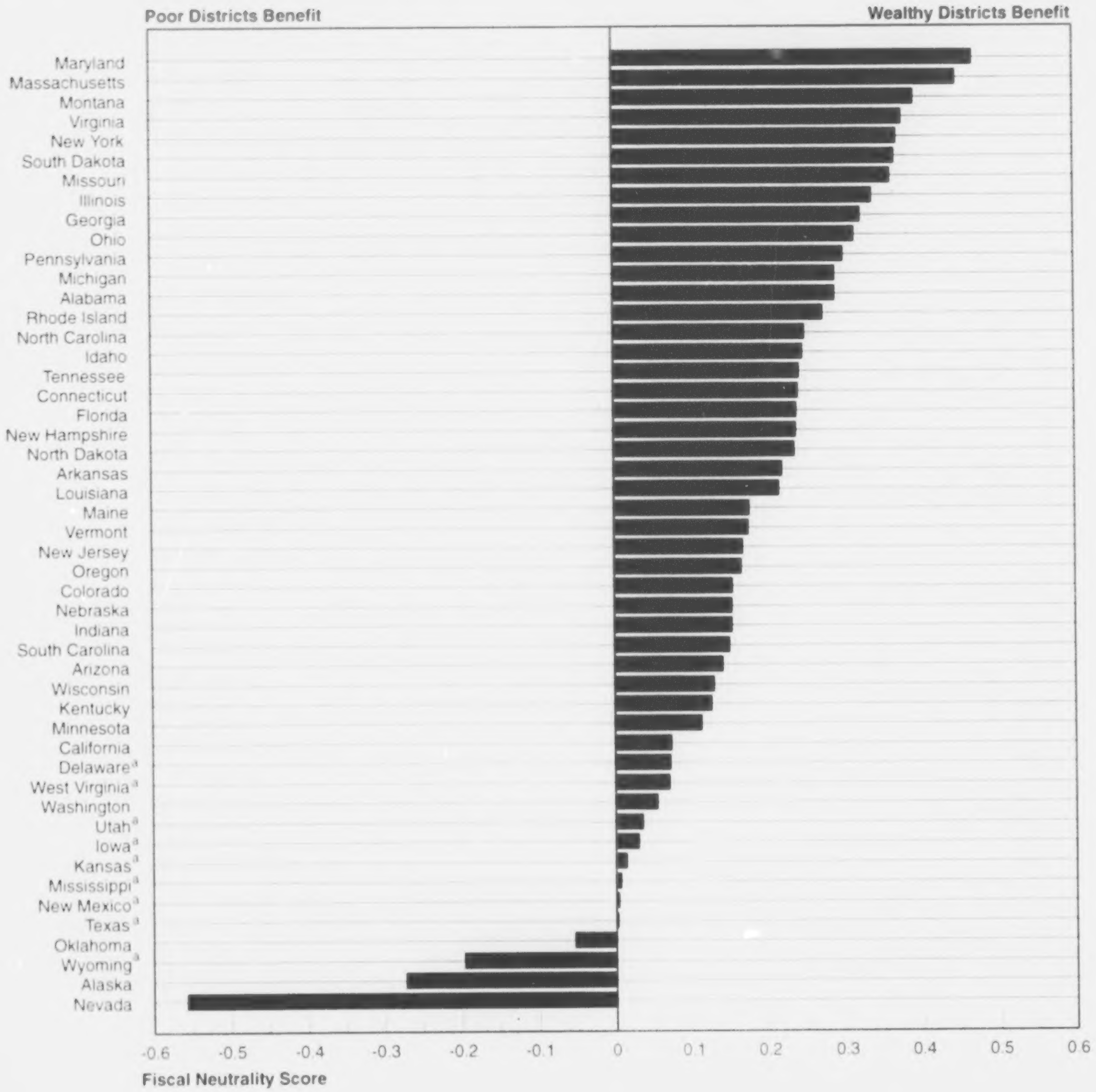
[18] District income is a measure of a district's ability to raise revenue for education, which we define as a district's income per pupil adjusted for within-state differences in geographic and student need-related costs. This measure includes personal income but not commercial or nonresident income of a district. Somewhat different fiscal neutrality scores may have resulted if these other income categories had been included. See app. III for a discussion of this variable.

[19] However, another 8 states had positive fiscal neutrality scores that were not significantly different from 0. These were Delaware, West Virginia, Utah, Iowa, Kansas, Mississippi, New Mexico, and Texas.

[20] However, one state—Wyoming—had a negative fiscal neutrality score that was not significantly different from 0.

[21] Washington had the lowest positive fiscal neutrality score that was significantly different from 0.

Figure 1: Wealthy Districts in Most States Had More Total Funding per Weighted Pupil Than Poor Districts, School Year 1991-92



(Figure notes on next page)

Note: Fiscal neutrality = 0. In states with positive scores, total funding increased as district income increased; in states with negative scores, total funding decreased as district income increased. The fiscal neutrality score (which controls for differences in cost and need) is the elasticity of total funding per weighted pupil relative to income per weighted pupil.

[a]The neutrality score was not statistically different from 0.

Three Key Factors Affected Funding Gap

Three key factors affected the size of the funding gap between poor and wealthy districts. Two of these—targeting of state funds to poor districts and the state's share of overall education funding—represent states' school equalization policies. The third factor—the relative local tax effort[22] of poor districts to wealthy districts—stems mainly from choices made at the local level. In general, increases in any one of these decreases the funding gap between poor and wealthy districts.

Nationwide, the three factors accounted for 61 percent of the variation in the income-related funding gap. Of the three factors, targeting was the least important in explaining the variation in funding gaps between wealthy and poor districts. The state's share of total funding accounted for more of the variation in the income-related funding gap than targeting. The relative local tax effort of poor districts to wealthy districts accounted for most of the variation (see app. III).

Targeting State Funds to Poor Districts Helped Reduce Funding Gap

State targeting efforts[23] typically helped to reduce but did not eliminate the gap in total funding between wealthy and poor districts. These results occurred even after adjusting for geographic differences in education costs and student need.[24] For example, Connecticut's wealthy districts had over three times the amount of local funding as its poor districts in school year 1991-92 (see table 1). In contrast, the state funding was over three times higher in poor districts compared with wealthy districts; the wealthy districts still had, however, about 34 percent more total funding per weighted pupil than the poor districts. In Connecticut, the gap in total funding between the poor and wealthy districts was $2,559. Appendix III provides similar data for all states.

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[22] Relative local tax effort is a state's elasticity of local tax effort relative to income per weighted pupil. Local tax effort is a ratio of a district's local revenue to its income.

[23] We define a state's targeting effort as the elasticity of the district's state funding per pupil to the district's income per pupil, while controlling for within-state differences in student need-related and geographic costs. See app. V for a list of the states' targeting effort and an explanation of the method we used to calculate the effort.

[24] We adjusted for student need by including student poverty, disability, high school, and enrollment variables in the regression formula we used to determine state targeting effort. See app. V.

Table 1: Example of the Effect of a State's Targeting on Total Funding per Weighted Pupil (Connecticut), School Year 1991-92

	Average funding per weighted pupil[a]		
Funding source	**Poor group of students**	**Wealthy group of students**	**Wealthy funding relative to poor funding[b]**
Local	$2,540	$8,486	3.34
State	$4,885	$1,500	.31
Total	**$7,426**	**$9,985**	**1.34**

[a] The poor and wealthy groups each represent about 20 percent of the student population. Figures do not add due to rounding.

[b] We calculated this ratio by dividing the wealthy districts' funding by the poor districts' funding, that is, $8,486/$2,540.

Like Connecticut, most states (33 of 49) targeted more state funds to poor districts to some degree on the basis of district income.[25] Of the remaining 16 states, 14 provided approximately equal state funding to poor and wealthy districts.[26] Two states—Louisiana and North Dakota—provided more state funding to wealthy districts than to poor districts.

Among the states that targeted more funds to poor districts, the additional amount of state funding varied widely.[27] For example, for a $1,000 decrease in district income below the state average, Nevada provided about $42 more in state funding per weighted pupil;[28] Indiana provided about $6 more in state funding per weighted pupil.[29] Appendix V provides information on all the states' targeting efforts.

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[25] Somewhat different targeting efforts may have resulted if the measure of district income had included nonresident and commercial income in addition to resident income. See app. III for our definition of district income.

[26] Statistically, these 14 states' targeting efforts were not significantly different from 0.

[27] Some states provide a minimum amount of state funding to all districts, regardless of district income. When we excluded the wealthiest 15 percent of the student population from our analysis, we found that the targeting effort substantially improved for 15 states; that is, the elasticity changed by –.15 or more. (See app. V.)

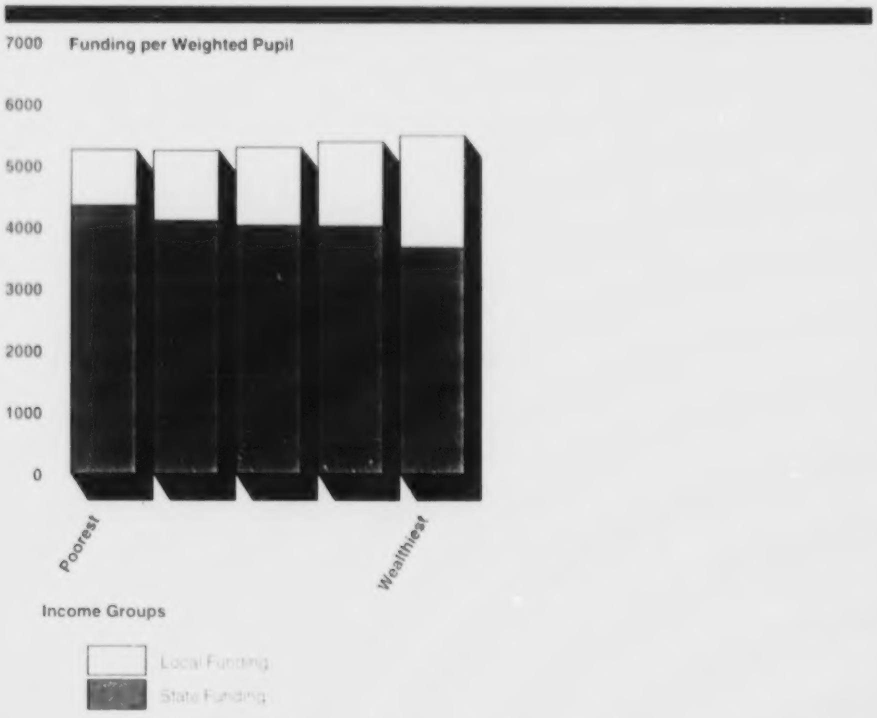
[28] Unlike total funding per weighted pupil, state funding per weighted pupil reflects each state's individual weighting of student need factors. We included variables in our estimation of state targeting that controlled for the student need-related costs associated with educating poor, disabled, and high school students and large numbers of students. See app. V for further explanation.

[29] Nevada had a targeting elasticity of –1.007; Indiana had a targeting elasticity of –.099.

A Higher State Share of Overall Funding Offset Funding Gap

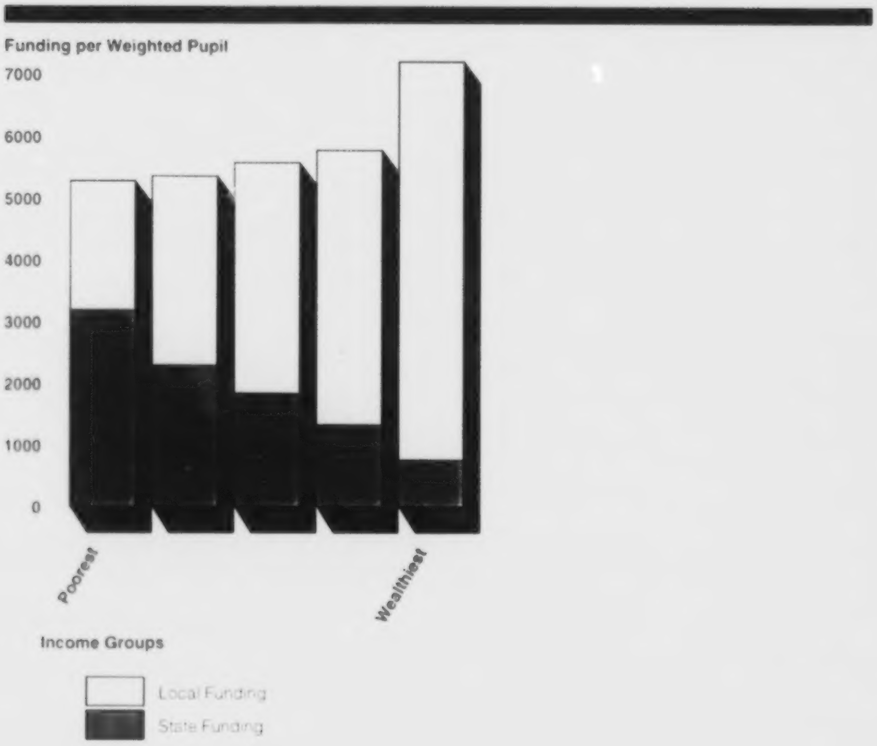
A high state share of total education funding offsets income-related funding gaps, even if the targeting effort is low. For example, Washington had virtually no targeting effort but funded about 75 percent of the total funding for education. The poorest districts in Washington had only 4 percent less ($229) to spend per weighted pupil than the wealthiest districts. In contrast, Michigan had a relatively high targeting effort but funded only about 33 percent of the total education funding in the state, which was relatively low. As a result, the poorest districts in Michigan had 36 percent ($1,923) less to spend per weighted pupil than the wealthiest districts (see figs. 2 and 3). Appendix V provides information on the state share for all states.

Figure 2: Example of the Effect of a Large State Share of Education Funds on Minimum Targeting (Washington), School Year 1991-92



Note: Funding has been adjusted for differences in geographic and student need-related costs within the state.

Figure 3: Example of How Students in Wealthy Districts May Have Had Much More Funding Despite Extensive Targeting (Michigan), School Year 1991-92



Notes: Funding has been adjusted for differences in geographic and student need-related costs within the state. Since school year 1991-92, Michigan has reported that its state share has increased almost 45 percentage points, which could result in a different figure.

Relative Local Tax Effort Affected Funding

The willingness of poor districts to tax themselves at a higher rate than wealthy districts helped reduce the funding gap between poor and wealthy districts. In 35 states, poor districts made a higher tax effort than wealthy districts. The tax effort is defined as the ratio of district local funding to district income.[30] Poor districts must make a higher level of tax effort to finance comparable education programs because the same tax effort generates less revenue in poor districts than in wealthy districts. For example, Kansas and Pennsylvania each targeted additional funds to poor districts to about the same extent and funded about the same share of total education funding. Kansas' poor districts, however, taxed themselves about 24 percent more than the state's wealthy districts,[11] while Pennsylvania's poor districts had about the same tax effort as its wealthy districts. As a result, the gap in total funding between poor and wealthy districts was smaller in Kansas than in Pennsylvania (see fig. 1).

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[30] Somewhat different local tax efforts may have resulted if the measure of district income had included nonresident and commercial income in addition to resident income. See app. III for our definition of district income.

State School Finance Policies Reflected in Implicit Foundation Level and Equalization Effort

To determine the effects of state school finance policies on the funding gap between poor and wealthy districts, we analyzed states' school finance data. We developed a new equity measure, implicit foundation level, which indicates the extent to which these policies enable districts to finance a minimum quality education for each student with an equal tax effort. Then we compared this level to the state average to determine states' equalization efforts. This section describes how we developed these two measures.

Implicit Foundation Level

We determined the combined effects of state equalization policies (targeting and state share), while excluding the effects of local tax effort. To accomplish this, we viewed each state as if it were distributing state funds according to a foundation program. In such a program, the state ensures all districts the ability to finance a foundation or a minimum amount of funding per pupil, provided that the districts make a minimum local tax effort. Using a foundation funding model and assuming all districts made an equal local tax effort, we estimated the implicit foundation level that each state's equalization policies in school year 1991-92 could have supported. This implicit foundation level is an estimate of the minimum amount of total funding that states' districts could spend per student if districts were to make an equal minimum local tax effort.[12] This new measure, for the first time, allows analysts to examine the extent to which the funding gap between poor and wealthy districts is due to state equalization policies (state share and state targeting) and the extent to which it is due to local policies (relative differences in local tax efforts). Appendix IV explains how we developed the implicit foundation level.

Figure 4 illustrates the implicit foundation level using a hypothetical example of two districts in a state, one poor and one wealthy. For each district, we graphed how much total funding per weighted pupil is associated with a given level of tax effort.[33] Since poor districts generally receive more state funding per weighted pupil than wealthy districts, in this example we assigned the poor district $2,500 in state funding per weighted pupil, twice the amount the wealthy district was assigned. Therefore, the line for the poor district starts out higher (the district has more state money) on the graph than the line for the wealthy district (which has less state money). As figure 4 shows, as both districts increase their local tax effort, the wealthy district raises more local revenue than the poor district for a given level of tax effort. For any given tax effort past a certain point (where the lines cross on fig. 4), the wealthy district's local revenue more than offsets the additional state money that poor districts receive—therefore, the total funding in wealthy districts exceeds total funding in poor districts. The point at which the total funding lines cross is the implicit foundation level and is the only point at which the two districts have the same amount of total funding for the same tax effort.

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[11] However, since the 1992-93 school year, Kansas has allocated education funds through a new formula that includes a statewide uniform tax rate for all districts.

[12] The implicit foundation level includes both state and local funds adjusted for within-state differences in student need-related and geographic costs. After making such adjustments, the implicit foundation level becomes total funding per weighted pupil. See apps. IV and V for a discussion of the methodology we used to calculate the implicit foundation level.

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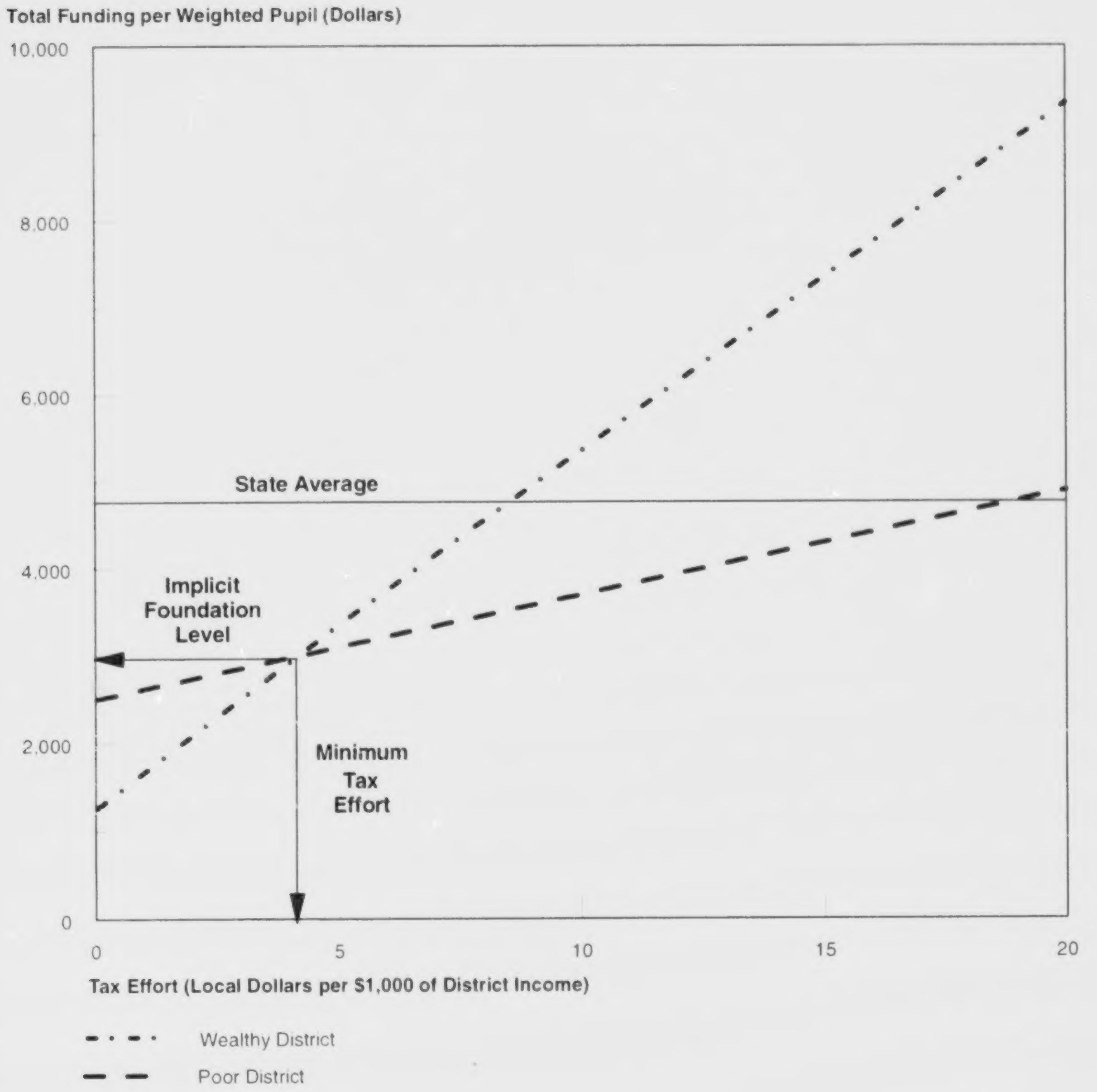
[33] Since the student weights are relative to within-state differences, the student weight factors associated with any state-level funding per pupil amount equal 1.

Figure 4: Determining the Implicit Foundation Level



Equalization Effort

We compared states' implicit foundation levels with the maximum foundation levels that would be possible given each state's amount of total funding devoted to education. We call this ratio a state's equalization effort. State average funding per weighted pupil is actually the maximum foundation level (see app. IV for a mathematical explanation of this). A state's equalization effort is a measure of the extent to which districts in a state can finance the state average with an average tax effort. To achieve the maximum foundation level without changing the total funding for education, a state could increase its effort to target funds to poor districts or increase the state's share of education funding or both.

States' Implicit Foundation Levels and Equalization Efforts Varied

States' implicit foundation levels varied widely, averaging \$3,134 per weighted pupil, with levels ranging as low as \$721 in New Hampshire to as high as \$5,415 in Alaska in school year 1991-92.[34] In line with the purpose of foundation programs, these implicit levels indicate the extent to which states' school finance policies ensure a level of funding assumed adequate for districts to finance at least a minimum quality education for every student with an equal local tax effort. Appendix V provides information on the implicit foundation levels in each state.

States' equalization efforts also varied. Only one state—Nevada—made the maximum equalization effort given the total funding available for education in the state. As a result, Nevada's state school policies in school year 1991-92 enabled each district to spend the state average on each student with an average tax effort.[35] The implicit foundation levels in the other 48 states were less than their state averages, with equalization efforts ranging from about 87 percent (Arkansas and Kentucky) to about 13 percent (New Hampshire). In 14 states, the implicit foundation level was less than half the state average. Figure 5 summarizes the states' equalization efforts in school year 1991-92.[36]

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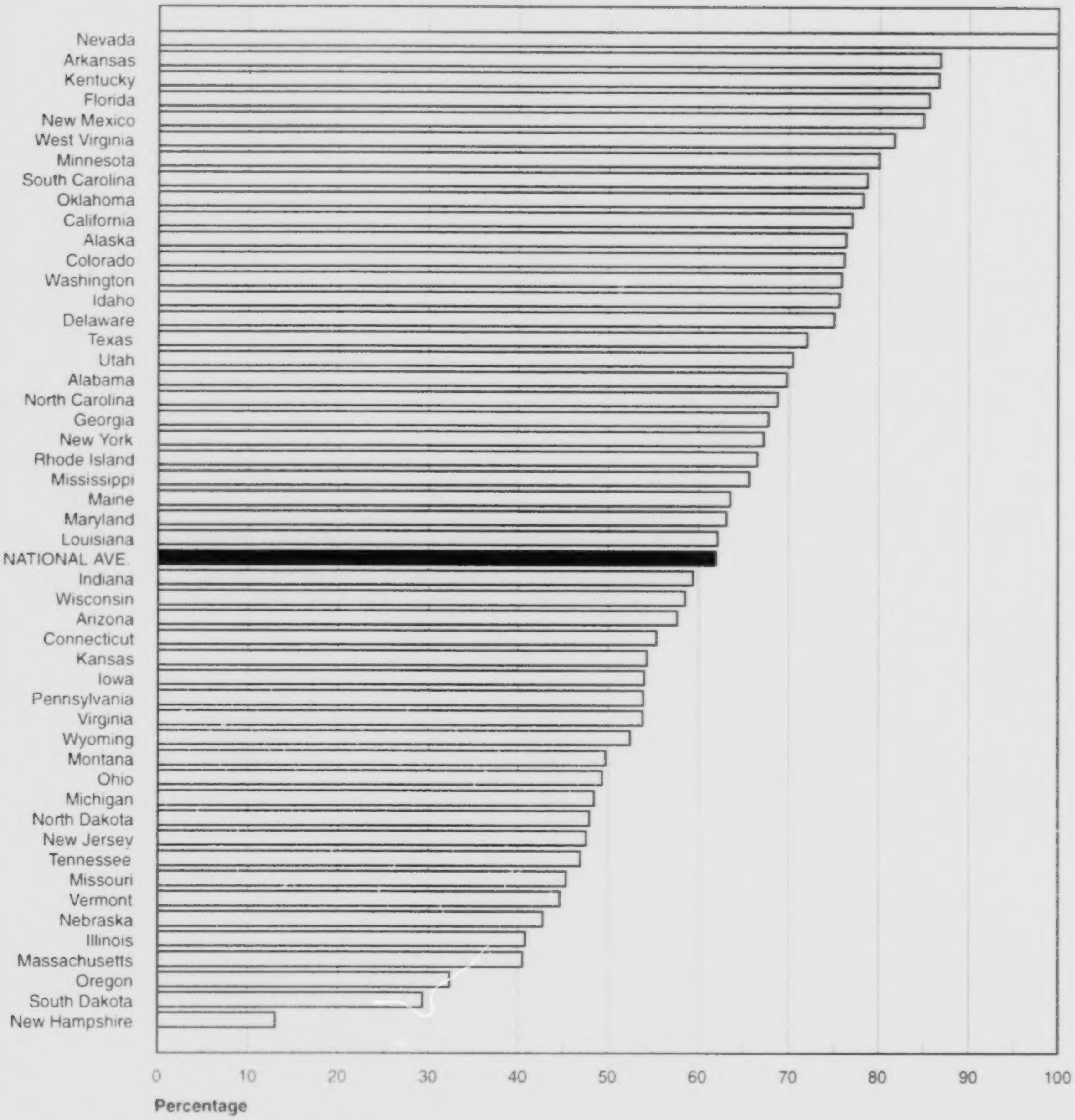
[34] These figures have been adjusted for national differences in geographic and student need-related costs.

[35] In fact, Nevada targeted more state funds to poor districts than was necessary to allow districts to spend the state average funding per weighted pupil with an average tax effort. As a result, poor districts in Nevada were able to finance the state average funding level with a lower tax effort than wealthy districts.

[36] In addition to targeting funds to poor districts, some states also provided the same minimum amount of state funding to all districts, regardless of district income. Unlike funding for lower income districts, such funding for wealthy districts was not part of the targeting effort because it was not sensitive to district income. Consequently, we also estimated the state implicit foundation level and equalization effort, assuming the goal was to have all students except for the 15 percent of students in the wealthiest districts receive the implicit foundation level. Using this analysis, we found that 16 states had a net increase of 10 percentage points or more in their equalization effort. See table V.9 in app. V for the results of this analysis.

Figure 5: States' Equalization Efforts, School Year 1991-92



State Equalization Efforts Helped Reduce Funding Gaps

State equalization efforts, representing the combined effects of state targeting and state share, have an important effect on reducing the funding gap between poor and wealthy districts. When we controlled for the differences in the tax effort of wealthy and poor districts in each state, we found that states with higher equalization efforts tended to have smaller funding gaps between poor and wealthy districts, as measured by their fiscal neutrality scores (see app. V). However, differences in the tax effort of wealthy and poor districts still accounted for more of the variation in income-related funding gaps than did states' equalization efforts.[37] That is, states' finance policies, as measured by their equalization efforts, helped to reduce the funding gap between poor and wealthy districts, but differences in the tax effort of these districts continued to be the more important determinant of the funding gap.

For example, Maryland had an above average equalization effort (about 63 percent), yet it also had the largest income-related funding gap (see fig. 1). This large gap can be explained in part by the relative local tax effort: wealthy districts in Maryland made a tax effort that was about 53 percent higher than the tax effort of poor districts, the highest such ratio in the nation. Thus, despite Maryland's substantial efforts to equalize funding, the effort did not overcome the differences in local funding by district that were due, in part, to the relatively high tax effort of wealthy districts (see app. III).

Large Shifts in State Targeting May Be Necessary to Maximize State Equalization Efforts

To further reduce the funding gap between poor and wealthy districts, states would need to increase their equalization effort by either increasing their share of total funding, increasing their targeting effort to poor districts, or increasing both. To illustrate the extent of the change that would be needed to maximize a state's equalization effort without any increase in state funding, we analyzed state targeting in school year 1991-92, while holding the state share constant and assuming all districts made an equal tax effort.[38] Under this scenario, 48 states would have had to reduce their funding of wealthy districts to increase their funding of poor or middle-income districts[39] or both. In many states, the magnitude of the targeting change would have had to be significant to enable districts to spend the state average with an average tax effort. Relative to the distribution needed to attain the state average for all students, 29 states would have had to significantly shift their funding from wealthy districts to poor or middle-income districts or both (see table 2).

---

[37] Nationwide, equalization effort and relative local tax effort accounted for about 63 percent of the variation in the income-related funding gap.

[38] In a forthcoming school finance report, we plan to more fully analyze how state targeting and state share would need to change to reduce the funding gaps.

[39] We defined the middle-income districts as any one or more of the middle three income groups, which combined represent about 60 percent of the student population.

Table 2: States That Would Have Had to Significantly Shift Funds From Wealthy Districts to Maximize Equalization Efforts, School Year 1991-92

States needing to shift 35% or more of state funds from wealthy districts to poor or middle-income districts[a]	Would also have needed to increase state funding in poor districts by 35% or more	Have changed school finance system since school year 1991-92 to increase funding to low-wealth districts
Arizona	X	
California		
Colorado		X
Connecticut		X
Illinois	X	
Kansas		X
Louisiana		X
Maine		
Maryland	X	X
Massachusetts		X
Michigan		X
Mississippi		X
Missouri	X	X
Montana	X	X
Nebraska	X	X
New Hampshire	X	
New Jersey		X
New York		
North Dakota		X
Ohio		X
Oregon	X	X
Pennsylvania		
Rhode Island		X
South Dakota	X	
Tennessee		X
Vermont	X	
Virginia		
Wisconsin		
Wyoming		

[a] The amount of shifting is based on a comparison of what state funding wealthy districts received and the funding they would have received if all districts could have financed the state average with an average tax effort and if no change had occurred in the state share of total funding for education.

Detailed information on state equalization policies and changes in state funding needed to enable districts to spend the state average for each student with an average tax effort appears in the state profiles in this report (see apps. VII through LV). Each profile provides information on (1) the actual state and local funding distribution to districts in school year 1991-92 for districts in five groups of approximately equal student population, according to increasing district income, and (2) how funding would have been distributed among these groups if each district could have financed the state's average total funding per weighted pupil with an average tax effort.[40]

Twenty-Five States Reported Making Little or No Changes Since School Year 1991-92

We contacted state education officials to determine the extent to which the states had changed their targeting effort and state share between school years 1991-92 and 1995-96. Twenty-five states reported making little or no changes to their targeting effort or state share. The remaining 24 states reported making targeting changes that may have increased their implicit foundation levels. For example, education officials in Missouri said that changes implemented in 1993 had increased targeting to low-wealth districts and that the state's new formula provides more state funding to districts with both lower property wealth and higher tax efforts.[41] Six of the 24 states also reported making increases of 10 percentage points or more in their state share of education funding: Tennessee (10), Colorado (11), Kansas (18), Utah (24), Oregon (30), and Michigan (45).

In some cases, lawsuits challenging the constitutionality of a state's school finance system have prompted changes in targeting or state share. For example, one lawsuit alleged that Tennessee's school finance system resulted in inequalities that violated the state constitution, and the state has since significantly revised its system.[42] Appendix LVI summarizes the changes states have made between school years 1991-92 and 1995-96.

Of the 10 states noted in table 2 requiring the largest shifts in state funding to poor districts, 5 reported making changes that provided more or much more state funding to low-wealth districts than in school year 1991-92. The other five states reported making little or no changes to their school finance system by school year 1995-96.[43]

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[40] Critical data in each state profile include school year 1991-92 data on the state share of total funding, the state targeting effort, the average total funding per weighted pupil, the implicit foundation level (in dollars and as a percent of the average), the fiscal neutrality score, and state and group data for the number of districts and pupils, poverty and disabled rates, income per pupil, and tax effort.

[41] We plan to analyze the effects of such increases in a forthcoming school finance report.

[42] For a discussion of Tennessee Small School System v. McWherter, 851 s.w.2d 139 (Tenn. 1993), see GAO/HEHS-96-39, Dec. 19, 1995.

Conclusions

Recognizing the struggle of poor districts to adequately fund the education needs of their students, states have used several strategies to reduce the funding gap between poor and wealthy districts. States that want to further reduce the funding gap between poor and wealthy districts would have to continue to increase the state share of total funding, increase their targeting effort to poor districts, or increase both. If targeting is increased, poor and middle-income districts would receive more state funding, while wealthy districts would receive less state funding. States may also increase their state share of education funding. A higher state share can offset income-related gaps even if the targeting effort is low, according to our analysis. However, making such changes may be difficult because of taxpayer concerns.

Decisionmakers and others can use the measures in this report—particularly the fiscal neutrality score, implicit foundation level, and equalization effort—to assess the equity effects of current and proposed changes in state school finance policies. In addition, the implicit foundation level, when compared to a standard like the state average, can be used as a measure of the adequacy of funding provided by a state's school finance system. Moreover, these measures can be used to assess progress over time in achieving more equity in school finance systems within states.

Agency Comments

The Department of Education reviewed a draft of this report and had no comments.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies to appropriate congressional committees and all members of the Congress, the Secretary of Education, and other interested parties.

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[43] The five states that reported making changes as of school year 1995-96 to increase funding for low-wealth districts were Maryland, Missouri, Montana, Nebraska, and Oregon. The five states that reported making little or no changes since school year 1991-92 were Arizona, Illinois, New Hampshire, South Dakota, and Vermont. South Dakota reported making a change that would target more funding to low-wealth districts as of January 1997.

Please contact me on (202) 512-7014 or Eleanor L. Johnson, Assistant Director, on (202) 512-7209 if you or your staff have any questions. GAO contacts and staff acknowledgments appear in appendix LVII.

Carlotta Joyner

Carlotta C. Joyner
Director, Education and
Employment Issues

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Abbreviations

CCD	Common Core of Data
NCES	National Center for Education Statistics
TTR	total taxable resources

Scope and Methodology Overview

The objectives of this study were to determine (1) the size of the gap in total (state and local combined) funding between poor and wealthy school districts for each state, (2) the key factors that affect the size of states' funding gaps, and (3) the effect of states' school finance policies on the funding gaps. To help answer these questions, we used school year 1991-92 district-level data from the Department of Education, the most recent available, and supplemented these data when key data were missing. We used standard school finance measures and developed a new method to measure the effect of state policies on the funding levels of school districts.[44] We supplemented our analysis by contacting education officials in the states to determine the extent to which a state's school finance system had changed since school year 1991-92.

Scope

For this study, we conducted a district-level analysis of all states except Hawaii.[45] We wanted our analysis to examine state funding for regular school districts with students in grades kindergarten to 12, so the analysis excluded administrative districts and districts serving unique student populations, such as vocational or special education schools.[46] Our analysis also excluded a number of small districts that had extreme outlying values of income per pupil.[47] Finally, we excluded districts that lacked data for critical variables, such as poverty level. The 2,235 districts excluded from the analysis had a total enrollment of 335,558. The final database used in our analysis of the 49 states contained 14,425 districts with a total of 41,204,610 students, representing 99.2 percent of the students in 49 states.

Data Sources

This study was based mainly on revenue and demographic data obtained from the Department of Education's Common Core of Data (CCD) for the

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[44] Various school finance experts reviewed this new method. The following experts were involved in early discussions and reviewed drafts of this report: Helen Ladd (Duke University), Martin Orland (Department of Education's National Center for Education Statistics), and Lawrence Picus (University of Southern California).

[45] Hawaii's state school system is considered one district, so no comparisons can be made about state allocations to different districts. Similarly, the District of Columbia and five U.S. territories (American Samoa, Guam, Northern Marianas, Puerto Rico, and Virgin Islands) have one-district systems and were not included in our analysis.

[46] That is, we excluded districts in the Common Core of Data (CCD) with agency type codes 3 to 7 and school district codes 4 to 7.

[47] A total of 49 districts were excluded as outliers using the method developed by David A. Belsley, Edwin Kuh, and Roy E. Welsch, Regression Diagnostics: Identifying Influential Data and Sources of Collinearity (New York: John Wiley and Sons, 1980), pp. 27-30. Specifically, we used their DFBETA statistic as the basis for deleting outlying observations.

1991-92 school year, the most current data available for a national set of districts. Data for the CCD were submitted by state education agencies and edited by the Education Department. We obtained district per capita income and population data directly from the 1990 census because they were not available in the CCD.

For variables in our analysis that had missing or incomplete data, we obtained the data directly from state education offices. For example, we obtained district-level data for disabled students for school year 1991-92 directly from the state education offices for nine states because the CCD either did not report the number of disabled students in the states or reported a number substantially different from one reported by another Education Department source.[48] We made further edits on the basis of consultations with Department of Education experts.

In some cases, we imputed critical data when they were missing and not available from other sources. We imputed income per pupil data for 199 districts in California because the per capita income data needed to compute this variable were not reported by these districts.[49] We also imputed cost index data for 310 districts, including 18 in Alaska and 72 in New York (mainly Suffolk County).[50] The imputation method we used to impute cost index data was based on the recommendation of the school finance expert who developed the cost index.

We conducted structured telephone interviews with state school finance officials to determine the extent to which states had changed their school finance systems since school year 1991-92. We did not, however, verify the accuracy of the officials' statements.

Methodology

To measure the size of the gap in total funding between poor and wealthy districts, we used the elasticity of total (state and local) funding in a district relative to district income,[51] a measure of a district's ability to raise revenue for education. In a regression model, we used dependent and independent variables that were adjusted for differences in geographic cost and student need within the state and put into index form[52] (see app. II). A district's total funding per weighted pupil was the dependent variable; a district's income per weighted pupil was the independent variable.[53] Each observation was weighted by the district size to allow districts with larger enrollments to have a greater effect on the results. Appendix III describes this process in detail.

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[48] The CCD did not report disabled student data for Kentucky, Ohio, Oklahoma, Pennsylvania, and Virginia. The CCD provided data on disabled students for Illinois, Indiana, Louisiana, and New Jersey that were at least 15 percent different than and at least 3,500 disabled students different from those reported by the Department of Education's Office of Special Education and Rehabilitative Services for school year 1991-92.

[49] We developed a formula to predict the income per pupil of the missing districts by running a regression between income per pupil and median housing value for districts in California whose median housing value was at least $5,000.

[50] Cost index values for these districts were imputed using the value from a district with a similar enrollment in the same or a similar county.

To determine the relationship between the total funding gaps and the key factors affecting the size of the gaps, we conducted a regression analysis using a state's fiscal neutrality score (the elasticity of total funding to district income) as the dependent variable and the following as independent variables:

- a state's share of total funding,
- a state's targeting effort (described in this app.), and
- a state's relative local tax effort (the elasticity of local tax effort relative to district income—see app. III).

To measure the extent to which states targeted their education funds to poor districts, we estimated the elasticity of state funding in a district relative to district income.[54] Using a regression model, we defined the dependent variable as a district's state funding per pupil and the key independent variable as a district's income per pupil. Both variables were adjusted for differences in geographic cost within the state (see app. II). To control for student need and economies of scale, we included four additional independent variables: poor students, disabled students, high school students, and district size. All variables in the analysis were put into index form and were included in the regression. Each observation was weighted by the district size to allow districts with larger enrollments to have a greater effect on the results. We set certain constraints on the regression coefficients. The resulting regression coefficient of the income per pupil variable is our measure of a state's targeting effort and measures the elasticity of state funding relative to district income. Appendix V describes this methodology in greater detail.

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[51] This elasticity measures the average percent change in total funding for a 1-percent increase in a district's income.

[52] To derive the index form of each variable, we measured all variables as district rates and then divided the district rate by its corresponding state average.

[53] A better income measure of a district's ability to raise revenue for education would include commercial and other nonresidential income in addition to personal income. However, such district-level data are not available for all states in a national database. Therefore, we used total income data from the 1990 census to determine income per pupil. App. III further explains this measure of district income.

[54] This elasticity measures the average percent change in state funding for a 1-percent increase in a district's income.

We developed an equity measure—implicit foundation level—to assess the state policies (targeting and state share) that affect the funding gap between wealthy and poor districts. We calculated this measure using a formula involving a state's share of total funding, a state's targeting effort, and a state's average total funding per weighted pupil. To calculate the targeting effort in this formula, we used the same multivariate linear regression as the one already described, except we imposed the restriction that the income per pupil variable have a nonpositive coefficient. Appendix IV explains the theory behind the equity measure we developed, and appendix V explains the regression.

Appendixes VII through LV provide profiles of each state's school finances in school year 1991-92. The profiles provide summary information on the total funding per weighted pupil, states' share of education funding, states' targeting effort, implicit foundation level, equalization effort, and fiscal neutrality score. To report the state profiles for school year 1991-92, we ranked each state's districts according to increasing district income and then divided the districts into five groups, each with about the same number of students.[35] We then calculated the mean state, local, and total funding per weighted pupil for each group. These funding figures were also adjusted for differences in geographic costs within the state (see app. II). Appendix VI provides an overview of the state profiles.

Because we relied on state and local funding data from the 1991-92 school year, we telephoned state school finance officials to determine what changes had occurred in the school finance systems from school years 1991-92 through 1995-96. We specifically asked about changes in targeting that would affect low-wealth districts and changes in the state's share of total funding. Appendix LVI presents interview results.

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[35] Normally, each group consisted of about 20 percent of the student population. In some states, however, the five groups may have had large differences in the number of students because our analysis was at the district level and districts cannot be statistically divided into smaller units. In a few states, one district (for example, in Las Vegas and New York City) accounted for more than 20 percent of the student population and represented the entire group. Finally, Nevada was divided into only four groups because of the distribution of the student population.

Appendix II

Adjusting for Geographic and Student Need-Related Differences in Education Costs

Education costs vary by school district in a state (and nationwide) because of geographic differences in the cost of educational resources and in the number of students with special needs. The cost of educational resources may vary across districts for several reasons. For example, a district may be able to hire a teacher of a given quality at a lower rate than other districts because the district may have a lower cost of living or offer certain amenities or working conditions that are more attractive to teachers than the other districts. Also, districts with either large or small student populations may face higher costs than other districts because of the diseconomies of scale that can occur in providing services at these levels.[56]

The cost of educating students also varies for a number of other reasons. Districts with high proportions of students with special needs, such as the disabled, the poor, and those with limited English proficiency, generally have higher education costs than average because such students require additional educational services. Furthermore, districts that largely serve high school students tend to have higher per pupil education costs than those that largely serve elementary students.[57]

As discussed in our previous report on equity measures,[58] when estimating comparable measures of funding levels or disparities among districts, accounting for districts' differences in educational resource costs and student needs is useful. This appendix discusses how we made these adjustments in our study.

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[56] Allan R. Odden and Lawrence O. Picus, School Finance: A Policy Perspective (New York: McGraw-Hill, Inc., 1992), pp. 235-238.

[57] However, one expert reviewer suggested that the cost of educating elementary students in the primary grades may have increased compared with educating high school students because of recent state efforts to lower the student-teacher ratio in these early elementary years.

[58] School Finance: Options for Improving Measures of Effort and Equity in Title I (GAO/HEHS-96-142, Aug. 30, 1996).

Adjusting for Differences in Educational Resource Costs

To adjust for geographic differences in resource costs by district, we used a national district-level teacher cost index recently developed for the National Center for Education Statistics (NCES).[59] Although an index that examines differences in the cost of living is available by district,[60] the NCES teacher cost index is better suited to comparing districts by considering the purchasing power of districts in determining personnel-related costs, a major cost to school districts.[61] Our focus is on a district's ability to provide comparable educational services to its students, rather than on whether teachers' salaries are adequate given the cost of living in their area.

Not all costs, however, vary within a state. For example, the cost of books, instructional materials, and other supplies and equipment tends to vary little within a state or, for some items, the nation. Therefore, we used the teacher cost index only to adjust the 84.8 percent of current expenditures estimated to relate to personnel costs, including salaries, fringe benefits, and some purchased services.[62]

Finally, we rescaled the NCES teacher cost index to create district-level indexes for each state that reflect the education resource cost differences in just one state rather than the differences nationwide. To rescale the teacher cost index, we determined the average teacher cost index for the state, then divided each district's teacher cost index by the state average to obtain the district-level teacher cost index adjusted for within-state differences. A teacher cost index equal to 1.0 indicates a district with average resource costs for the state. Table II.1 provides the average cost index for each of the five income groups of districts in a state. In all states except four (Alaska, Nevada, New York, and North Carolina), the range in the average cost indexes across groups in the table was less than twice the standard deviation of the district-level cost index. This suggests that states may have had more variation in cost differences among individual districts than across the income groups shown in the table.

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[59] See Jay Chambers and William Fowler, Jr., Public School Teacher Cost Differences Across the United States, Department of Education, NCES, Analysis/Methodology Report, No. 95-758 (Washington, D.C.: Oct. 1995).

[60] McMahon and Chang have developed an estimating equation to predict cost of living in areas for which the actual indexes are not available. See W. McMahon and S. Chang, "Geographical Cost-of-Living Differences: Interstate and Intrastate, Update," Center for the Study of Educational Finance, MacArthur/Spencer Special Series (Normal, Ill.: 1991).

[61] Because of missing cost index data, we had to impute cost index data for 310 districts, including 18 in Alaska and 72 in New York (mainly Suffolk County).

[62] This estimate was developed for NCES by Stephen M. Barro. See Cost of Education Differentials Across the States, Department of Education, NCES, Working Paper No. 94-05 (Washington D.C.: July 1994). In using this estimate, we assumed that all personnel costs, including noncertified personnel costs, have patterns of cost variation similar to certified personnel.

Adjusting for Differences in Student Need

To account for the differences in student need by district, we made adjustments that weighted poor students and disabled students according to their need for additional services.[63] Our analysis did not account for limited English proficient students, generally recognized as a third group of high-cost students, because we could not obtain accurate district-level data on the number of such students.

To account for differences in student needs by district, students with disabilities were given a weight of 2.3 because the cost of educating such children is generally 2.3 times the cost of educating children who do not need special educational services, although the cost of educating children with specific types of disabilities varies widely.[64] We also assigned a weight of 1.2 for children from poor families. This additional .2 weighting for poor students stems from an estimate based on the average title I allocation per student divided by average funding per student. We used a set of weights developed for an NCES report.[65]

Using these weights, we developed a district-level need index adjusted for differences within the state. We used the following equation to calculate the need index for each district:

Equation II.1

$$\text{Need Index} = \frac{\text{AdjMem} \;/\; \text{AdjStMem}}{\text{Mem} \;/\; \text{StMem}}$$

where

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[63] However, when we estimated the targeting effort and implicit foundation levels of states, we adjusted for student-need factors by controlling for such factors in our regression analysis.

[64] This cost estimate is based on analysis of data from a nationally representative sample. For more information, see M.T. Moore and others, Patterns in Special Education Service Delivery and Cost, Decision Resources Corp. (Washington, D.C.: 1988). More recent studies have resulted in a similar figure.

[65] Thomas Parrish, Christine Matsumoto, and William Fowler, Jr., Disparities in Public School District Spending: 1989-90, Department of Education, NCES, Report No. 95-300 (Washington D.C.: Feb. 1995). We also used these weights in GAO/HEHS-96-142, Aug. 30, 1996.

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AdjMem = adjusted membership; a district's fall membership + (1.3 x students with Individual Education Plans) + (.2 x students below the poverty line)

AdjStMem = adjusted membership in a state; the sum of AdjMem for all districts in a state

Member = membership; a district's fall membership

StMem = state membership; the sum of Member for all districts in a state.

Table II.2 provides the average need index for each of the five income groups of districts in a state. In all states except three (Alaska, Maryland, and New Mexico), the range in the average need indexes across groups in the table was less than twice the standard deviation of the district-level need index. This suggests that states may have had more variation in need differences among individual districts than across the income groups shown in the table.

Table II.1: Cost Index to Adjust for Within-State Differences

State average = 1.00

	Poorest				Wealthiest
State	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**
Alabama	.96	.99	1.00	1.04	1.01
Alaska	1.07	1.02	.99	.97	.91
Arizona	.99	1.01	1.01	.96	1.04
Arkansas	.96	.98	.98	1.03	1.04
California	.97	.98	1.05	1.00	1.00
Colorado	.94	.98	1.02	1.02	1.03
Connecticut	1.00	1.00	.99	1.00	1.00
Delaware	.96	.96	1.01	1.03	1.03
Florida	.94	1.05	1.00	1.00	1.00
Georgia	.93	.97	1.00	1.04	1.06
Idaho	1.00	.98	1.01	.99	1.01
Illinois	.90	1.11	.92	.99	1.05
Indiana	.99	.99	.98	1.02	1.02
Iowa	.96	.98	1.00	1.00	1.05
Kansas	1.01	.97	.98	.98	1.06
Kentucky	.96	.97	.99	1.02	1.05
Louisiana	.98	.99	1.00	1.01	1.03
Maine	.99	1.00	.99	.99	1.02

(continued)

State average = 1.00

	Poorest				Wealthiest
State	Group 1	Group 2	Group 3	Group 4	Group 5
Maryland	1.03	.96	.99	.99	1.04
Massachusetts	1.00	1.00	.99	1.01	1.00
Michigan	.99	.95	.99	1.01	1.05
Minnesota	.92	.98	.98	1.03	1.08
Mississippi	.98	.98	.99	1.01	1.04
Missouri	.94	.95	1.01	1.02	1.09
Montana	1.02	.99	1.01	.99	.99
Nebraska	.97	.98	1.00	1.05	1.00
Nevada	1.04	1.01	.95	.95	[a]
New Hampshire	.98	.99	1.03	1.01	.98
New Jersey	1.01	.99	1.00	1.01	.99
New Mexico	1.00	.98	.98	1.02	1.02
New York	.89	.91	1.13	.92	.98
North Carolina	.95	.99	1.00	1.02	1.04
North Dakota	.98	1.00	1.01	.99	1.03
Ohio	.95	1.00	1.00	1.01	1.04
Oklahoma	.98	.98	1.02	.99	1.03
Oregon	.96	.99	.99	1.03	1.03
Pennsylvania	.94	.97	1.04	1.00	1.04
Rhode Island	1.03	.99	1.00	1.00	.98
South Carolina	.95	.98	1.01	1.03	1.03
South Dakota	.98	.97	1.02	.97	1.04
Tennessee	.97	.98	1.01	1.01	1.02
Texas	.98	.97	.98	1.03	1.03
Utah	.98	.96	1.00	1.02	1.02
Vermont	1.01	.99	.99	1.00	1.01
Virginia	.94	.96	1.03	.98	1.09
Washington	.94	1.00	.99	1.01	1.07
West Virginia	.98	.99	1.00	1.02	1.01
Wisconsin	.94	1.02	.99	1.01	1.04
Wyoming	.99	1.01	1.00	.98	1.01

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table II.2: Need Index to Adjust for Within-State Differences

State average = 1.00

State	Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Alabama	1.01	1.00	1.01	.99	.99
Alaska	1.04	1.00	.98	.99	.99
Arizona	1.04	1.00	.99	1.00	.98
Arkansas	1.03	1.00	1.00	.98	.99
California	1.01	1.00	1.01	1.00	.99
Colorado	1.01	1.02	.99	.97	1.01
Connecticut	1.04	1.00	.99	.99	.98
Delaware	1.01	1.01	1.00	.99	.98
Florida	1.01	1.00	1.00	.99	1.01
Georgia	1.02	1.02	.99	.99	.98
Idaho	.99	1.01	1.00	1.00	1.00
Illinois	1.02	1.00	1.00	1.00	.98
Indiana	1.01	.99	1.00	1.01	.99
Iowa	.99	.99	1.01	1.00	1.01
Kansas	1.01	.99	1.00	1.01	.99
Kentucky	1.03	1.00	.99	.98	.99
Louisiana	1.01	1.01	.99	.99	1.00
Maine	1.01	.99	1.00	1.00	1.00
Maryland	1.06	.99	.98	1.00	.97
Massachusetts	1.00	1.00	.99	1.02	.99
Michigan	1.03	1.00	.99	1.00	.98
Minnesota	1.00	.99	1.00	1.01	1.01
Mississippi	1.00	1.02	1.00	.99	.99
Missouri	1.02	1.02	.99	1.01	.96
Montana	1.02	.99	1.02	.99	.98
Nebraska	.99	1.00	.99	1.01	1.01
Nevada	1.02	.99	1.02	1.01	[a]
New Hampshire	.99	1.00	1.00	1.00	1.01
New Jersey	1.02	1.01	1.00	.99	.99
New Mexico	1.01	.99	1.00	1.01	.96
New York	.99	.99	1.03	.98	.97
North Carolina	1.01	1.00	1.01	1.00	.99
North Dakota	1.01	1.01	1.01	.99	.98
Ohio	1.01	1.01	1.01	.99	.98
Oklahoma	1.02	.99	.98	.98	1.02
Oregon	1.01	1.01	1.00	.98	1.00

(continued)

State average = 1.00

	Poorest				Wealthiest
State	Group 1	Group 2	Group 3	Group 4	Group 5
Pennsylvania	1.01	1.00	1.01	1.00	.98
Rhode Island	1.01	.98	1.00	1.01	.99
South Carolina	1.01	1.01	.98	1.00	1.00
South Dakota	1.03	.99	.98	.99	1.01
Tennessee	1.02	1.01	.99	1.00	.98
Texas	1.02	1.00	1.00	.99	.98
Utah	1.01	1.00	.98	.99	1.02
Vermont	1.01	1.00	1.00	1.00	.99
Virginia	1.00	.99	.99	1.01	1.00
Washington	1.02	1.00	1.01	.99	.98
West Virginia	1.03	1.01	.99	.98	.99
Wisconsin	1.00	1.03	.99	1.00	.98
Wyoming	.99	.99	1.01	1.01	.99

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Analysis of Fiscal Neutrality

In our study, the goal of fiscal neutrality is achieved in a state when total (state and local) funding per weighted pupil does not depend on differences in districts' income per weighted pupil. We measured the extent of this dependency using the income elasticity of total funding per weighted pupil and defined this elasticity as a state's fiscal neutrality score. A positive fiscal neutrality score would indicate that per pupil funding rises with income; a fiscal neutrality score of 0 would indicate that fiscal neutrality has been achieved (that is, no relationship exists between per pupil funding and per pupil income); and a negative score would indicate higher funding in low-income districts.

The first section of this appendix presents the method we used to estimate each state's fiscal neutrality score and the results of our analysis. The second section shows how the variation in fiscal neutrality scores among states is explained by differences in state equalization policies (state share and state targeting) and by differences in the relative local tax effort of wealthy and poor districts.

Calculating Fiscal Neutrality Scores

We used a linear regression model to estimate the elasticity of total funding in a district relative to district income. Both the dependent and independent variables were adjusted for differences in geographic cost and student need within the state and expressed as a percent of their respective state averages.[66] By expressing each variable as a percent of its state average value, both the dependent and independent variables can be interpreted as index numbers. A value below 1.00 signifies that a district was below the state average for that variable; a value above 1.00 signifies that a district was above the state average. With these adjustments the regression model took the following form:

Equation III.1

$$\frac{\text{Total Funding Per Pupil Index}}{(\text{Cost Index}) \ \mathbf{X} \ (\text{Need Index})} = \beta_0 + \beta_1 \frac{\text{Income Per Pupil Index}}{(\text{Cost Index}) \ \mathbf{X} \ (\text{Need Index})} + \epsilon$$

Because both variables are measured relative to their respective state averages, the regression coefficient (β_1) represents the percent difference, from the state average, in total funding relative to a percent difference, from the state average, in district income. This is precisely the elasticity we wanted to estimate and use as our fiscal neutrality score.[67] A positive coefficient implies that total funding per weighted pupil is higher in wealthy districts, and a negative coefficient, the opposite. A coefficient that is not statistically different from 0 implies that fiscal neutrality has been achieved because no systematic differences exist in per pupil funding between wealthy and poor districts.

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[66] See app. II for more detailed information on the cost and student need adjustments.

We used a district's total funding per weighted pupil as the dependent variable. This variable included state and local funding for all purposes, including maintenance and operations, transportation, and capital expenditures and debt service.[68] We divided the district's total funding by its fall membership to put the variable in per pupil form.

We used district income per weighted pupil as the independent variable, our measure of a district's ability to raise revenue for education. Because we could not develop income per pupil data from the Common Core of Data (CCD), we used district-level per capita income from the 1990 census to construct the variable. We multiplied per capita income in a district by district population, resulting in the total income in the district. We then divided this amount by the total number of students in the district, resulting in income per pupil.

Most school finance studies measure a district's ability to raise revenue for education as district wealth defined as property value per pupil. However, we chose to use district income defined as resident income per pupil because we could not construct a property-value-per-pupil measure at the district level from the national databases that were available. Furthermore, beyond the field of school finance, income—as opposed to wealth—is the most commonly accepted measure of the ability to raise revenue.

A good income measure of a district's ability to raise revenue for education should be as comprehensive as possible. For example, the Department of Treasury defines and compiles the total taxable resources (TTR) for each state. TTR takes into account all income either received by state residents or produced in a state. Either income measure, by itself, is incomplete. Income received by state residents does not include business income earned by nonresidents (undistributed corporate profits, for example). Alternatively, income produced does not include income earned by residents from out-of-state sources (residents who work out of state, for example). Consequently, TTR includes both income received and income produced to gauge a state's total taxable resources. Unfortunately, a comprehensive income measure such as the TTR is not available at the school district level.

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[67] An elasticity is, by definition, the percent change in a dependent variable associated with a 1-percent change in an independent variable. In our model a unit change in the income index from the state average is a percent change from the state average and the coefficient measures the associated percentage change in per pupil funding. Because we have measured each variable as a percent of its respective state averages, our elasticity measure is an elasticity evaluated at the state averages.

[68] Because the CCD does not report separate data on local funding at the district level devoted to capital expenditures and debt service, we could not exclude these funding categories from our revenue variable.

Our income measure is money income reported in the 1990 census. Its major weakness is that it does not include commercial or nonresident income that local school districts may be able to tax. It may therefore understate the ability of districts with high concentrations of this type of income to raise revenues for education. However, our measure does include the largest income category—resident income—represented in TTR. Although we would expect some differences in the results of our analyses if all income from commercial and industrial property had been included in the income variable, the general trends from our analyses would still have held true.

Finally, the regression model in equation III.1 was estimated by weighting each observation for membership size to better reflect the distribution of state funding to students rather than to districts;[69] thus, school districts with larger enrollments had a greater effect in determining the estimated coefficients of the model.

Analysis Results

In most states, total funding per weighted pupil increased as district income increased (the elasticity was positive). On average, wealthy districts had about 24 percent more total funding per weighted pupil than poor districts.

In 37 states, the income elasticity of total funding per weighted pupil was positive. This means that as the districts' income increased, the level of total funding increased. However, the range in elasticity varied among the states, with a high of .469 in Maryland and a low of .055 in Washington.

In three states—Alaska, Nevada, and Oklahoma—the elasticity was negative, that is, total funding decreased as district income increased. Elasticities for these three states ranged from –.556 in Nevada to –.053 in

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[69] Without weighting, each district would carry the same weight in the analysis, regardless of size. Weighting by students is a generally accepted practice in school finance analysis.

Oklahoma. The elasticity was not statistically different from 0 in the remaining nine states. Table III.1 shows the elasticities of total funding to district income and the R square for each state.[70]

Table III.1: State Elasticities of Total Funding to District Income (Fiscal Neutrality Scores) Adjusted for Statewide Differences in Cost and Need

State	Elasticity of total funding to income	Adjusted R square
Alabama	+.290	.308
Alaska	-.272	.072
Arizona	+.141	.310
Arkansas	+.220	.202
California	+.073	.125
Colorado	+.154	.051
Connecticut	+.241	.460
Delaware[a]	+.072	.014
Florida	+.239	.432
Georgia	+.323	.282
Idaho	+.247	.256
Illinois	+.338	.736
Indiana	+.153	.120
Iowa[a]	+.031	.000
Kansas[a]	+.014	-.003
Kentucky	+.126	.301
Louisiana	+.216	.245
Maine	+.176	.155
Maryland	+.469	.702
Massachusetts	+.447	.512
Michigan	+.290	.416
Minnesota	+.113	.080
Mississippi[a]	+.007	-.006
Missouri	+.362	.170
Montana	+.393	.337
Nebraska	+.154	.045
Nevada	-.556	.227
New Hampshire	+.238	.226
New Jersey	+.168	.380
New Mexico[a]	+.004	-.012
New York	+.370	.248

(continued)

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[70] The adjusted R square is the proportion in the variation of the dependent variable explained by the independent variable(s).

State	Elasticity of total funding to income	Adjusted R square
North Carolina	+.250	.307
North Dakota	+.236	.055
Ohio	+.315	.272
Oklahoma	-.053	.009
Oregon	+.166	.141
Pennsylvania	+.300	.557
Rhode Island	+.274	.193
South Carolina	+.150	.101
South Dakota	+.367	.171
Tennessee	+.242	.149
Texas[a]	+.003	-.001
Utah[a]	+.036	-.022
Vermont	+.176	.087
Virginia	+.377	.608
Washington	+.055	.021
West Virginia[a]	+.071	.037
Wisconsin	+.129	.240
Wyoming[a]	-.196	.003

[a] Elasticity not statistically different from 0

In most states, the amount of total funding (state and local funding combined) per weighted pupil available to wealthy districts exceeded such funding available to poor districts. However, states varied widely in the degree to which funding available for wealthy districts exceeded that of poor districts. Table III.2 summarizes the gaps in total funding per weighted pupil between wealthy and poor districts.

Tables III.3 and III.4 show the state averages for total funding per weighted pupil and income per weighted pupil as well as the average index numbers of these two variables for each of the five income groups of districts in a state.

Table III.2: Total Funding Gaps Between Poor and Wealthy Districts

	Total funding per weighted pupil[a]			
State	State average	For the poor group	For the wealthy group	Wealthy group funding compared with poor group funding[b]
Alabama	$3,277	$3,213	$3,795	1.18
Alaska	8,030	8,912	8,877	1.00
Arizona	4,507	4,146	5,473	1.32
Arkansas	3,784	3,747	4,282	1.14
California	4,543	4,407	4,965	1.13
Colorado	5,047	5,109	5,501	1.08
Connecticut	8,221	7,426	9,985	1.34
Delaware	5,576	5,316	5,817	1.09
Florida	5,555	5,286	6,264	1.18
Georgia	4,324	3,867	5,029	1.30
Idaho	3,504	3,246	4,075	1.26
Illinois	4,970	4,330	7,249	1.67
Indiana	4,993	4,804	5,299	1.10
Iowa	4,849	5,051	4,855	.96
Kansas	4,973	4,648	5,089	1.09
Kentucky	3,728	3,601	4,143	1.15
Louisiana	3,912	3,507	4,238	1.21
Maine	5,681	5,469	6,399	1.17
Maryland	6,039	4,686	7,728	1.65
Massachusetts	6,264	5,227	8,037	1.54
Michigan	5,851	5,275	7,198	1.36
Minnesota	5,646	5,613	6,212	1.11
Mississippi	2,831	3,034	2,974	.98
Missouri	3,972	2,912	4,937	1.70
Montana	4,835	4,006	6,942	1.73
Nebraska	5,148	5,367	5,614	1.05
Nevada	3,597	4,518	3,117	.69
New Hampshire	5,850	5,592	7,284	1.30
New Jersey	9,239	8,434	11,087	1.31
New Mexico	3,830	3,891	4,094	1.05
New York	7,787	8,309	10,950	1.32
North Carolina	4,424	4,183	4,919	1.18
North Dakota	4,079	4,006	4,709	1.18
Ohio	4,709	4,305	5,688	1.32
Oklahoma	3,623	3,735	3,528	.94

(continued)

	Total funding per weighted pupil[a]			
State	State average	For the poor group	For the wealthy group	Wealthy group funding compared with poor group funding[b]
Oregon	5,087	4,860	5,910	1.22
Pennsylvania	6,406	5,812	7,674	1.32
Rhode Island	5,939	5,507	6,553	1.19
South Carolina	4,112	3,840	4,151	1.08
South Dakota	3,756	3,297	4,228	1.28
Tennessee	3,329	3,038	3,671	1.21
Texas	4,603	4,689	4,691	1.00
Utah	3,177	3,333	3,301	.99
Vermont	7,722	6,478	8,454	1.31
Virginia	4,713	4,138	5,702	1.38
Washington	5,302	5,252	5,481	1.04
West Virginia	4,927	4,859	5,044	1.04
Wisconsin	5,865	5,974	6,455	1.08
Wyoming	5,920	6,573	5,514	.84

[a] All funding figures have been adjusted for statewide differences in cost and need. We assigned weights of 1.2 to poor students and 2.3 to disabled students.

[b] We calculated this ratio by dividing the wealthy districts' funding by the poor districts' funding, for example, $3,795/$3,213 in Alabama.

Table III.3: Total Funding per Weighted Pupil Index Adjusted for Statewide Differences in Cost and Need

State average = 1.00

		Average total funding per weighted pupil index				
		Poorest				Wealthiest
State	Average total funding per weighted pupil[a]	Group 1	Group 2	Group 3	Group 4	Group 5
Alabama	$3,277	.98	.94	.93	1.00	1.16
Alaska	8,030	1.11	1.11	.95	.85	1.11
Arizona	4,507	.92	.91	1.00	.98	1.21
Arkansas	3,784	.99	.95	.95	.98	1.13
California	4,543	.96	.96	.98	1.00	1.09
Colorado	5,047	1.01	.94	.97	1.00	1.08
Connecticut	8,221	.90	.90	.97	1.02	1.21
Delaware	5,576	.95	.93	.99	1.06	1.04
Florida	5,555	.95	.94	.98	1.02	1.13
Georgia	4,324	.90	.91	1.00	1.03	1.17

(continued)

State average = 1.00

		Average total funding per weighted pupil index				
		Poorest				Wealthiest
State	Average total funding per weighted pupil[a]	Group 1	Group 2	Group 3	Group 4	Group 5
Idaho	3,504	.92	.97	.96	1.00	1.16
Illinois	4,970	.87	.85	.88	.93	1.46
Indiana	4,993	.96	.97	1.00	1.01	1.06
Iowa	4,849	1.03	1.00	.95	1.02	.99
Kansas	4,973	.92	1.05	1.04	.99	1.01
Kentucky	3,728	.97	.98	.97	.98	1.11
Louisiana	3,912	.90	.94	1.02	1.07	1.08
Maine	5,681	.96	.91	.96	1.04	1.12
Maryland	6,039	.77	.98	.97	1.05	1.27
Massachusetts	6,264	.83	.90	.93	1.05	1.28
Michigan	5,851	.91	.92	.96	.99	1.23
Minnesota	5,646	.99	.97	.94	1.00	1.10
Mississippi	2,831	1.07	.93	.93	1.02	1.05
Missouri	3,972	.74	.78	.90	1.34	1.25
Montana	4,835	.81	.86	.83	1.10	1.41
Nebraska	5,148	1.03	1.01	.97	.92	1.07
Nevada	3,597	1.26	.96	1.21	.87	[b]
New Hampshire	5,850	.95	.96	.88	.96	1.24
New Jersey	9,239	.91	.94	.94	1.01	1.20
New Mexico	3,830	1.01	1.02	.99	.98	1.06
New York	7,787	1.04	1.11	.70	1.14	1.37
North Carolina	4,424	.95	.94	.94	1.05	1.11
North Dakota	4,079	.97	.93	.99	.99	1.14
Ohio	4,709	.92	.93	.97	.98	1.21
Oklahoma	3,623	1.02	1.03	.96	1.02	.97
Oregon	5,087	.95	.92	.96	1.03	1.16
Pennsylvania	6,406	.91	.93	.91	1.05	1.20
Rhode Island	5,939	.92	1.05	.94	1.03	1.10
South Carolina	4,112	.93	1.01	1.00	1.06	1.01
South Dakota	3,756	.87	1.06	.96	1.02	1.11
Tennessee	3,329	.91	.86	1.05	1.07	1.10
Texas	4,603	1.01	1.03	1.00	.94	1.01
Utah	3,177	1.05	1.08	.97	.88	1.04
Vermont	7,722	.83	.93	1.06	1.09	1.09

(continued)

State average = 1.00

State	Average total funding per weighted pupil[a]	Average total funding per weighted pupil index				
		Poorest				Wealthiest
		Group 1	Group 2	Group 3	Group 4	Group 5
Virginia	4,713	.89	.90	.91	1.11	1.22
Washington	5,302	.99	.98	.99	1.01	1.03
West Virginia	4,927	.99	.98	.98	1.04	1.02
Wisconsin	5,865	1.02	.94	.99	.96	1.10
Wyoming	5,920	1.11	1.04	1.03	.89	.93

[a] All funding figures have been adjusted for statewide differences in cost and need. We assigned weights of 1.2 to poor students and 2.3 to disabled students.

[b] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table III.4: Income per Weighted Pupil Index Adjusted for Statewide Differences in Cost and Need

State average = 1.00

State	Average income per weighted pupil[a]	Average income per weighted pupil index				
		Poorest				Wealthiest
		Group 1	Group 2	Group 3	Group 4	Group 5
Alabama	$63,313	.69	.87	.96	1.06	1.44
Alaska	83,220	.48	.91	1.15	1.24	1.40
Arizona	98,442	.34	.62	.77	1.07	2.35
Arkansas	55,895	.63	.80	.92	1.12	1.54
California	121,872	.40	.63	.78	1.01	2.22
Colorado	81,879	.62	.79	.97	1.21	1.45
Connecticut	148,273	.54	.77	.90	1.06	1.76
Delaware	106,718	.60	.72	.84	1.18	1.71
Florida	98,373	.69	.83	.92	1.12	1.48
Georgia	73,340	.61	.81	.94	1.16	1.52
Idaho	51,724	.59	.80	.97	1.05	1.60
Illinois	134,121	.49	.58	.67	.93	2.37
Indiana	76,049	.68	.87	.98	1.06	1.42
Iowa	69,690	.75	.88	.95	1.08	1.34
Kansas	74,725	.68	.82	.93	1.08	1.48
Kentucky	63,691	.56	.78	.96	1.18	1.55
Louisiana	58,920	.67	.77	.96	1.15	1.54
Maine	76,336	.64	.76	.89	1.14	1.57

(continued)

State average = 1.00

		Average income per weighted pupil index				
State	Average income per weighted pupil[a]	Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Maryland	114,832	.63	.79	.98	1.17	1.55
Massachusetts	133,452	.60	.78	.95	1.09	1.60
Michigan	80,367	.62	.75	.91	1.09	1.70
Minnesota	81,234	.62	.78	.89	1.10	1.62
Mississippi	51,017	.59	.75	.87	1.05	1.79
Missouri	79,570	.60	.76	.96	1.13	1.64
Montana	115,518	.42	.65	.78	1.09	2.12
Nebraska	94,845	.69	.83	.96	1.12	1.42
Nevada	86,827	.65	1.00	1.06	1.25	[b]
New Hampshire	106,978	.63	.79	.90	1.07	1.60
New Jersey	160,761	.39	.63	.86	1.11	2.06
New Mexico	54,999	.47	.81	.92	1.32	1.97
New York	114,397	.63	.85	.94	1.05	1.62
North Carolina	76,415	.67	.84	.92	1.14	1.42
North Dakota	58,094	.68	.88	.98	1.12	1.41
Ohio	80,781	.64	.79	.91	1.11	1.57
Oklahoma	64,014	.62	.81	.92	1.18	1.48
Oregon	85,350	.64	.78	.92	1.13	1.57
Pennsylvania	99,378	.63	.82	.91	1.08	1.58
Rhode Island	108,151	.73	.90	1.01	1.09	1.35
South Carolina	65,707	.67	.85	1.02	1.13	1.32
South Dakota	57,440	.64	.88	1.02	1.12	1.36
Tennessee	70,681	.64	.82	.93	1.14	1.46
Texas	62,842	.47	.81	1.01	1.18	1.55
Utah	41,385	.69	.87	.98	1.06	1.36
Vermont	112,652	.50	.74	.91	1.18	1.68
Virginia	93,199	.67	.81	.87	1.08	1.60
Washington	82,373	.61	.78	.89	1.07	1.70
West Virginia	58,725	.65	.82	.99	1.15	1.39
Wisconsin	82,555	.68	.81	.93	1.04	1.57
Wyoming	55,152	.69	.89	1.00	1.11	1.31

[a] All income figures have been adjusted for statewide differences in cost and need. We assigned weights of 1.2 to poor students and 2.3 to disabled students.

[b] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Relationship Between Funding Gaps and State Share, State Targeting, and Relative Local Tax Effort

We identified state share, state targeting, and relative local tax effort as the three key factors affecting the size of school funding gaps between poor and wealthy districts using the following rationale. First, we set aside the effects of state share and state targeting by assuming that states do not fund schools and that funding per pupil depends entirely on the revenue from local tax bases. Under this assumption, the funding gap occurs because wealthy districts can generate more local funding than poor districts when the tax effort for all districts is equal. However, the gap in funding between wealthy and poor districts would grow smaller as poor districts increase their local tax effort relative to wealthy districts. Therefore, in the absence of any state funding for education, the funding gap between poor and wealthy districts would be completely determined by the relative local tax effort of poor and wealthy districts.

A state can help offset the funding gap by providing a portion of the total funding and targeting more state funds to poor districts. Consequently, the size of the funding gap between wealthy and poor districts should depend on both state equalization policies (state share and state targeting) and the relative local tax effort of poor districts and wealthy districts.

To measure a state's relative local tax effort, we estimated the income elasticity of local tax effort. For each state, this elasticity measures the percent change in local tax effort associated with a 1-percent increase in district income per weighted pupil. As measured this way, the greater the elasticity, the greater the tax effort in wealthy districts as compared with poor districts. This elasticity is represented by the regression coefficient (β_1) in the following equation:

Equation III.2

$$\text{Local Tax Effort Index} = \beta_0 + \beta_1 \frac{\text{Income Per Pupil Index}}{(\text{Cost Index}) \times (\text{Need Index})} + \epsilon$$

where

local tax effort index = the ratio of a district's local funding to its income expressed as a percent of the average tax effort of all districts, represented by the dependent variable above elasticity of local tax effort = a state's elasticity of local tax effort to income per weighted pupil, represented by β_1 in equation III.2

ϵ = an error term that reflects the variation in the local tax effort that cannot be accounted for by the other variables in the model.

To estimate the extent to which the three factors—elasticity of local tax effort, state share, and state targeting (see table III.6)—accounted for the variation in the funding gap between wealthy and poor districts, we constructed a regression model that used these three factors to explain cross-state differences in fiscal neutrality scores:

Equation III.3

$$\text{Fiscal Neutrality Score} = \beta_0 + \beta_1 \left(\text{State Funding Percentage}\right) + \beta_2 \left(\text{State Targeting Effort}\right) + \beta_3 \left(\text{Elasticity of Local Tax Effort}\right) + \epsilon$$

where

fiscal neutrality score = a state's elasticity of total funding per weighted pupil relative to income per weighted pupil

state funding percentage = state funding as a percentage of total (state and local) funding

state targeting effort = a state's elasticity of state funding per weighted pupil relative to income per weighted pupil

elasticity of local tax effort = a state's elasticity of local tax effort relative to income per weighted pupil

ϵ = an error term that reflects the variation in funding gaps that cannot be accounted for by the other variables in the model.

The results of this analysis showed that the three factors accounted for about 61 percent of the variation in the income-related funding gaps.[71] Although increases in both state targeting and state share led to decreases in states' fiscal neutrality scores, state share had a relatively greater impact on reducing income-related funding gaps than did states' targeting efforts. Increases in the elasticity of local tax effort were associated with increases in the funding gap, meaning that as the wealthy districts' tax effort increased relative to the poor districts' tax effort, the income-related funding gap also increased. The elasticity of local tax effort factor of the three factors in this equation accounted for most of the variation in the fiscal neutrality scores (see table III.5). Table III.6 shows the state data used in the regression analysis.

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[71] The adjusted R square for the analysis was .6054.

Table III.5: Regression Results (N=49)

Factor	Regression coefficient	Beta coefficient	t statistic
State targeting	-.2265	-.3280	-3.278
State share	-.4854	-.4064	-4.065
Elasticity of local tax effort	.5583	.6578	6.849

Table III.6: State Results for Factors Affecting Fiscal Neutrality

State	Fiscal neutrality score	State targeting effort[a]	State share of total funding (percent)	Elasticity of local tax effort[b]
Alabama	+.290	+.020	69.8	.027
Alaska	-.272	+.068	76.4	-.808
Arizona	+.141	-.232	46.8	-.468
Arkansas	+.220	-.328	65.4	-.243
California	+.073	-.119	68.9	-1.028
Colorado	+.154	-.753	43.5	-.381
Connecticut	+.241	-.430	38.8	-.066
Delaware	+.072	-.070	70.2	-.235
Florida	+.239	-.615	53.0	.234
Georgia	+.323	-.242	54.6	.007
Idaho	+.247	-.130	67.1	.011
Illinois	+.338	-.230	33.2	.179
Indiana	+.153	-.099	54.1	-.511
Iowa	+.031	-.104	49.0	-.772
Kansas	+.014	-.241	43.8	.448
Kentucky	+.126	-.239	70.0	.274
Louisiana	+.216	+.150	62.2	-.237
Maine	+.176	-.287	49.4	-.172
Maryland	+.469	-.566	40.4	.164
Massachusetts	+.447	-.316	30.8	.077
Michigan	+.290	-.475	32.9	-.031

(continued)

State	Fiscal neutrality score	State targeting effort[a]	State share of total funding (percent)	Elasticity of local tax effort[b]
Minnesota	+.113	-.499	53.5	-.104
Mississippi	+.007	-.020	64.4	-.267
Missouri	+.362	-.017	44.6	-.018
Montana	+.393	-.126	44.2	-.469
Nebraska	+.154	-.246	34.3	-.430
Nevada	-.556	-1.007	56.9	-1.252
New Hampshire	+.238	-.571	8.3	-.370
New Jersey	+.168	-.104	43.1	-.203
New Mexico	+.004	+.024	85.0	-1.776
New York	+.370	-.578	42.6	.076
North Carolina	+.250	-.016	67.7	.052
North Dakota	+.236	+.173	48.0	-.451
Ohio	+.315	-.180	41.9	-.276
Oklahoma	-.053	-.102	71.1	-.473
Oregon	+.166	-.043	31.1	-.393
Pennsylvania	+.300	-.255	43.0	-.023
Rhode Island	+.274	-.694	39.3	.045
South Carolina	+.150	-.505	52.4	-.194
South Dakota	+.367	+.116	29.5	-.164
Tennessee	+.242	+.017	47.0	-.709
Texas	+.003	-.522	47.4	-.234
Utah	+.036	-.172	60.2	-.734
Vermont	+.176	-.539	29.0	-.333
Virginia	-.377	-.499	36.0	.096
Washington	+.055	-.009	75.2	-.277
West Virginia	+.071	-.127	72.5	-.230
Wisconsin	+.129	-.270	46.2	-.160
Wyoming	-.196	+.296	52.5	-1.645

[a] This is the elasticity of state funding to district income. App. V describes how we calculated this elasticity.

[b] This is the income elasticity of local tax effort.

Another way to illustrate that state equalization policies (state share and state targeting) reduced but did not eliminate the funding gap between wealthy and poor districts is shown in table III.7. In most cases, the addition of state funding to local funding caused total funding to be less sensitive to district income than local funding. This is illustrated by the fact that states' income elasticities of total funding are usually less than those of local funding. The elasticity of local tax effort accounted for most of the variation in the fiscal neutrality scores. We compared the local tax efforts of poor and wealthy districts in table III.8. In 35 states, poor districts made a higher tax effort than wealthy districts.

Table III.7: Income Elasticities Adjusted for Statewide Differences in Cost and Need

	Income elasticity of		
State	Local funding[a]	State funding[b]	Total funding[c]
Alabama	+1.301	+.020	+.290
Alaska	-.420	+.068	-.272
Arizona	+.486	-.232	+.141
Arkansas	+1.503	-.328	+.220
California	+.684	-.119	+.073
Colorado	+.985	-.753	+.154
Connecticut	+.889	-.430	+.241
Delaware	+.429	-.070	+.072
Florida	+1.239	-.615	+.239
Georgia	+1.235	-.242	+.323
Idaho	+1.240	-.130	+.247
Illinois	+.687	-.230	+.338
Indiana	+.533	-.099	+.153
Iowa	+.408	-.104	+.031
Kansas	+.344	-.241	+.014
Kentucky	+1.473	-.239	+.126
Louisiana	+.473	+.150	+.216
Maine	+1.072	-.287	+.176
Maryland	+1.271	-.566	+.469
Massachusetts	+1.190	-.316	+.447
Michigan	+1.171	-.475	+.290
Minnesota	+1.105	-.499	+.113
Mississippi	-.125	-.020	+.007
Missouri	+.510	-.017	+.362
Montana	+.549	-.126	+.393
Nebraska	+.364	-.246	+.154
Nevada	+.025	-1.007	-.556
New Hampshire	+.319	-.571	+.238
New Jersey	+.692	-.104	+.168

(continued)

State	Income elasticity of Local funding[a]	State funding[b]	Total funding[c]
New Mexico	-.265	+.024	+.004
New York	+1.152	-.578	+.370
North Carolina	+1.096	-.016	+.250
North Dakota	+.626	+.173	+.236
Ohio	+.670	-.180	+.315
Oklahoma	+.585	-.102	-.053
Oregon	+.710	-.043	+.166
Pennsylvania	+1.080	-.255	+.300
Rhode Island	+1.104	-.694	+.274
South Carolina	+.620	-.505	+.150
South Dakota	+.793	+.116	+.367
Tennessee	+.208	+.017	+.242
Texas	+.934	-.522	+.003
Utah	+.797	-.172	+.036
Vermont	+.376	-.539	+.176
Virginia	+1.247	-.499	+.377
Washington	+.488	-.009	+.055
West Virginia	+.738	-.127	+.071
Wisconsin	+1.083	-.270	+.129
Wyoming	-1.836	+.296	-.196

[a] We calculated the elasticity of local funding to district income the same way we calculated the total funding elasticity.

[b] App. V describes how we calculated the elasticity of state funding to district income.

[c] This is the fiscal neutrality score.

Table III.8: Local Tax Effort Disparities Between Poor and Wealthy Districts

State	Tax effort[a]			Poor group tax effort compared with wealthy group tax effort[b]
	State average	For the poor group	For the wealthy group	
Alabama	$15.52	$17.41	$16.76	1.04
Alaska	22.99	30.25	19.47	1.55
Arizona	24.35	47.63	18.56	2.57
Arkansas	23.40	26.81	25.04	1.07
California	11.79	18.65	9.35	1.99
Colorado	34.97	47.93	33.29	1.44
Connecticut	34.29	29.69	33.59	0.88
Delaware	15.44	12.92	12.21	1.06
Florida	26.48	22.60	29.37	0.77
Georgia	26.23	23.12	28.83	0.80
Idaho	22.34	24.35	24.86	0.98
Illinois	24.39	29.09	20.38	1.43
Indiana	30.13	37.13	26.22	1.42
Iowa	35.87	51.39	27.22	1.89
Kansas	37.62	40.78	32.90	1.24
Kentucky	17.42	14.04	20.80	0.68
Louisiana	25.11	23.86	19.12	1.25
Maine	37.61	46.46	38.04	1.22
Maryland	31.59	23.79	36.41	0.65
Massachusetts	32.62	25.58	32.36	0.79
Michigan	48.78	40.01	49.38	0.81
Minnesota	31.75	36.66	32.08	1.14
Mississippi	19.78	39.02	13.74	2.84
Missouri	27.41	22.71	27.10	0.84
Montana	23.94	42.44	18.64	2.28
Nebraska	36.38	51.44	30.73	1.67
Nevada	17.84	28.42	13.73	2.07
New Hampshire	50.35	70.96	40.24	1.76
New Jersey	32.93	34.85	24.58	1.42
New Mexico	10.51	27.48	9.67	2.84
New York	39.87	42.35	49.75	0.85
North Carolina	18.58	18.77	19.54	0.96
North Dakota	37.11	47.60	35.24	1.35
Ohio	33.75	37.27	33.55	1.11
Oklahoma	16.45	19.55	13.67	1.43

(continued)

State	Tax effort[a]			Poor group tax effort compared with wealthy group tax effort[b]
	State average	For the poor group	For the wealthy group	
Oregon	41.09	53.06	32.74	1.62
Pennsylvania	36.63	36.67	38.27	0.96
Rhode Island	33.60	31.54	32.86	0.96
South Carolina	29.70	30.40	26.48	1.15
South Dakota	46.52	50.90	41.36	1.23
Tennessee	24.82	29.77	22.13	1.35
Texas	38.73	44.82	37.74	1.19
Utah	30.43	45.72	26.86	1.70
Vermont	48.97	66.35	39.30	1.69
Virginia	31.55	28.65	32.15	0.89
Washington	15.84	17.72	13.44	1.32
West Virginia	23.03	25.84	22.05	1.17
Wisconsin	38.31	47.27	37.63	1.26
Wyoming	51.22	90.83	21.79	4.17

[a] Local tax effort is the local funding per weighted pupil raised for $1,000 of income per weighted pupil.

[b] We calculated this ratio by dividing the poor districts' tax effort by the wealthy districts' tax effort, for example, $17.41/$16.76 in Alabama.

Appendix IV

Estimating States' Targeting Efforts, Implicit Foundation Levels, and Equalization Efforts

In this study, we developed a new equity measure to assess a state's equalization policies (state share and state targeting) that excludes the effects of the local tax effort. To accomplish this, we viewed each state as if it were distributing state funds according to a foundation program in which the state ensures a foundation or minimum amount of funding per pupil for a minimum local tax effort.[72] Using a foundation formula and assuming all districts made an equal minimum tax effort, we determined each state's implicit foundation level given the state's equalization policies in school year 1991-92. This implicit foundation level is an estimate of the minimum amount of total funds (including both state and local funds) that districts could spend per student given the state's equalization policies and provided all districts made an equal tax effort. The implicit foundation level identifies a funding level per pupil at which an equal local tax effort would produce equal funding per pupil among all districts in a state. This appendix describes how foundation formulas work and how we calculated three important summary measures for each state: targeting effort, implicit foundation level,[73] and equalization effort.

Equalizing School Funding With a Foundation Program

As mentioned, to calculate these three summary measures, we assumed states behaved as if they used a foundation formula to distribute state funds to districts.[74] As will be shown in this appendix, foundation equalization policy can result in states targeting more funds to districts with lower tax bases. Because nearly all states do target more funds to districts with low tax bases, it is reasonable to evaluate school finance policies as if they followed an implicit foundation equalization policy.[75] To model the state targeting needed to enable districts to spend the implicit foundation amount on each student with a minimum tax effort, we used a derivation of the following foundation formula:[76]

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[72] We used a foundation equalization equation to model state school finance systems because it accounts for most states' equalization practices. For example, in school year 1990-91, the year preceding the school year of the Common Core of Data (CCD) we used, the American Education Finance Association reported that 38 of the 49 states in our study used a foundation program to distribute at least part of their school funding. In addition, foundation equations can also explain the funding distribution of the two states that provided flat grants to their pupils and the one state that provided full funding. Finally, foundation programs share at least one important feature with the district power equalization programs of the remaining eight states. Under district power equalization programs, states guarantee districts the same dollar yield for the same tax effort. Although district power equalization programs do not guarantee the same amount per pupil to each district as foundation programs, both programs effectively target additional state funds to districts with low (property) tax bases.

[73] In principle, the implicit foundation level could be adjusted for geographic or student need-related differences in cost. We explain how such adjustments were made in app. V.

[74] A foundation program sets an expenditure per pupil—the minimum foundation—and usually requires a minimum local tax effort as a condition of receiving state aid. State aid makes up for the difference between what localities can raise with the required local tax effort and the foundation amount.

[75] States that do not target more funds to low tax base districts generally provide flat per pupil grants. Even this policy can be interpreted as a special foundation equalization policy: all districts can finance the foundation funding level with an equal tax effort of 0.

Equation IV.1

$$g_i = e^* - t^* v_i$$

where

g_i = state funding per pupil in a school district

e^* = the implicit foundation level (including both state and local funds) that results when all districts make an equal minimum tax effort given the state's equalization policies

t^* = the minimum tax effort, a ratio of district's local revenue to district's tax base value

v_i = the tax base per pupil in a school district. In our study, we used income per pupil.

One implication from the above equation is that if a state chose not to target additional funding to poor districts and instead provided the same funding per pupil to all students with no minimum required local tax effort ($t^* = 0$), then the implicit foundation level for the state (e^*) would equal the average state funding per pupil. That is, each district's state funding per pupil (g_i) would equal the average state funding per pupil ($\bar{g}$).[77]

Another implication of the equation is that if states require a minimum tax effort (t^*) greater than 0, states will have to target more funding to poor districts than to wealthy districts to achieve the same implicit foundation level (e^*) for all districts. The implicit foundation level in this instance would be greater than the average state funding per pupil ($\bar{g}$) where, without a required local tax effort, no extra state funding is targeted to poor districts. From our analysis of school year 1991-92 school finance data, we know that states do, in fact, vary in the extent to which they target additional funding to poor districts. Consequently, our purpose was to estimate the implicit foundation level that was possible in each state given the degree to which a state targets more funds to poor districts.

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[76] For the notation used in equations in this appendix, we used subscripts to represent district-level data and superscripts to represent state-level data.

[77] This situation occurs with flat grant programs. Thus, states with flat grant policies can be interpreted as providing foundation programs as well.

We have divided the explanation into two parts. First, we explain how state funding would have to be targeted to ensure that all students received the state's average total funding per pupil, provided that all local districts made an average tax effort. Second, we modify our explanation to allow for state targeting that results in an implicit foundation level that is below the state average with districts making a minimum local tax effort.[78] On the basis of equations developed in this second part, we then describe how we estimated state targeting efforts, implicit foundation levels, and equalization efforts.

State Targeting Necessary to Achieve the Maximum Foundation Level

Given the total amount of funding for education in a state, the maximum foundation level possible in a state is the state's average total funding per pupil.[79] This means that, in principle, if all districts were to make the average tax effort to finance their local school programs, the state could target its funds to ensure that all districts could fund the average total funding per pupil. To demonstrate this, we began with an equation in which the implicit foundation level equals the state's average total funding per pupil, and then we modified this equation to show how state funds would have to be distributed.

Equation IV.2

$$g_i = e - t v_i$$

where

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[78] In this instance, the implicit foundation level (e*), which includes both local and state funds, would be below the average total funding per pupil ($\overline{e}$) but would exceed the average state funding per pupil ($\overline{g}$). If a state does not target additional funding to poor districts, then the implicit foundation level (e*) is the average state funding per pupil ($\overline{g}$).

[79] The highest implicit foundation level is the state's average total funding per pupil provided that districts all use the average tax effort. However, if states target more funding to poor districts than is necessary to finance the average total funding level with average local tax rates, the effect is to allow poor districts to finance the state average funding level with a tax effort that is less than the state average, while wealthy districts finance the state average funding level with an above average effort. Nevada is the one state in our study that fell in this category.

g_i = state funding per pupil in a school district

$\bar{e}$ = the state's average total funding per pupil, which is also the implicit foundation level in the state

$\bar{t}$ = the average tax effort of local school districts

v_i = the tax base per pupil in a school district.

The local share of total funding per pupil, by definition, is local funding expressed as a percent of total funding. This is expressed by the following equation:

Equation IV.3

$$\alpha = \frac{\bar{t}\,\bar{v}}{\bar{e}}$$

where

α = the local share of the total funding for education in the state

$\bar{v}$ = the average tax base per pupil in the state.

Rearranging terms in equation IV.3, we found that the equation for average tax effort of local districts is $\bar{t}=(\alpha\bar{e}/\bar{v})$. Substituting this equation for $\bar{t}$ in equation IV.2 and rearranging terms results in the following equation:

Equation IV.4

$$g_i = e\left(1 - \alpha\frac{v_i}{v}\right)$$

Equation IV.4 represents how state funding would have to be distributed if all school districts were to finance the state average funding level, provided that districts made an average tax effort to finance their local schools.

We chose to measure state targeting by the income elasticity of state funding, where district income represents the tax base per pupil. The income elasticity is the percent difference in state funding that results from a 1-percent difference in district income. We can use the relationship in equation IV.4 to measure this elasticity by dividing both sides of the equation by the average state funding, that is, $\bar{g}=\bar{e}(1-(\alpha\bar{v}/\bar{v}))=(1-\alpha)\bar{e}$. This yields the following equation:

Equation IV.5

$$\frac{g_i}{g} = \left(\frac{1}{1-\alpha}\right) - \left(\frac{\alpha}{1-\alpha}\right)\left(\frac{v_i}{v}\right)$$

where

$\bar{g}$ = the average state funding per pupil, $(1-\alpha)\bar{e}$.

We note that a school district's relative state funding per pupil ($g_i/\bar{g}$) depends on (1) the relative size of its tax base per pupil (measured as $v_i/\bar{v}$) and (2) the share of education funding financed at the local level (α) and by implication the share of education funding financed with state funds ($1-\alpha$).

The slope parameter of equation IV.5 ($\alpha/1-\alpha$) can be interpreted as the income elasticity of state funding and represents the state's targeting effort to achieve the maximum foundation level (providing all districts the capacity to fund the state average funding level with an average tax effort).[80] The relationship also implies that the greater the local share of total funding, and therefore the smaller the state share, the greater the state's targeting effort must be if it is to achieve the maximum foundation level for all students.

Other important implications derive from this relationship:

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[80] By definition, the income elasticity of state funding is the percent change in state funding associated with a 1-percent difference in district income. Because both the independent and dependent variables in equation IV.5 are measured relative to their respective state averages, they represent percent differences from the state averages. Consequently, the slope represents the percent difference in funding per pupil associated with a 1-percent difference in district income compared with the state average. That is, the slope is the income elasticity of state funding evaluated at the state average.

- A linear relationship must exist between a school district's relative state funding per pupil and the relative tax base per pupil.
- The intercept is the inverse of the state funding percentage (that is, $1/(1-\alpha)$).
- The slope and intercept will always sum to 1 (that is, $(1/(1-\alpha) + (-\alpha/(1-\alpha))) = 1$).[81]

State Targeting That Produces an Implicit Foundation Level Below the State Average

Although the state average represents the maximum foundation level possible in a state if all districts were to make an average tax effort, most states' implicit foundation levels are likely less than the maximum. In this section we develop the state targeting implications that produce an implicit foundation level that is less than the maximum. We assume that all districts make the same minimum tax effort and that the state still funds the same share of total education funding.

If the implicit foundation level is less than the state average, it is because the state targets its funds to low tax base districts to a lesser degree than is required to achieve the maximum foundation level. To model this condition, we introduced a new term—the equalizing factor (β)—into equation IV.2. The value of the equalizing factor ranges from 0 to 1. When the equalizing factor equals 1, the state's targeting effort is at its maximum level. When the equalizing factor equals 0, the state is not targeting funds to poor districts, and every district receives the same state funding per pupil. In this instance, the implicit foundation level is simply the average state funding per pupil. An equalizing factor between 0 and 1 means the state's effort to target funds to poor districts is less than the maximum.

Introducing just the equalizing factor to the equation increases the size of state funding to each district.[82] However, since the total amount of state funding has not changed, we had to introduce a scalar (γ) to ensure that the sum of the state funding is still the same percentage of total funding. The result of introducing these two new variables is shown in equation IV.6:

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[81] These equations were developed by J.C. Fastrup for "Fiscal Equalization and Access to Educational Resources in the New England States," Journal of Educational Finance (forthcoming in spring 1997).

[82] This would happen because the difference between the state average funding level ($\overline{e}$) and the local revenues that could be raised with an average tax effort (Iv_i) would become larger if the equalizing factor (β) is less than 1.0 (see equation IV.6).

Equation IV.6

$$g_i = \gamma\left(\bar{e} - \beta \bar{t} v_i\right)$$

where

β = the equalizing factor, that is, the fraction of the maximum targeting effort that the state undertakes

γ = a scalar that ensures that the total sum of state funding equals the total amount of state funds available for distribution.

The next few equations show that the scalar (γ) depends on the state share of education funding ($1-\alpha$) and the equalizing factor (β).

As stated earlier, the total amount of state funding equals the sum of all the districts' state funding. By multiplying both sides of equation IV.2 by the total number of pupils in a district (P_i) and summing both sides, we created an equation for the total amount of state funding (G^s).

Equation IV.7

$$G^s = \Sigma P_i g_i = \Sigma P_i \left(\bar{e} - \bar{t} v_i\right)$$

where

G^s = the total sum of state funding available for distribution

P_i = the number of pupils in a district.

Because the total amount of state funding (G^s) available has not changed, it must be true that the sum of total state funding under maximum targeting efforts is the same as when targeting efforts are less than the maximum. This is represented in the following equation:

Equation IV.8

$$G^s = \Sigma P_i \left(\bar{e} - \bar{t} v_i\right) = \gamma \, \Sigma P_i \left(\bar{e} - \beta t v_i\right)$$

Solving for the scalar (γ) yields equation IV.9:

Equation IV.9

$$\gamma = \frac{\Sigma P_i \left(\bar{e} - \bar{t} v_i\right)}{\Sigma P_i \left(\bar{e} - \beta \bar{t} v_i\right)}$$

By definition, the sum of $(P_i\bar{e})$ equals total funding and the sum of $(P_i t v_i)$ equals the total amount of local funding from all school districts. Dividing both numerator and denominator by total funding yields the following equation for the scalar (γ):

Equation IV.10

$$\gamma = \frac{1 - \alpha}{1 - \beta \alpha}$$

When the state's targeting is at its maximum level, then the equalizing factor (β) equals 1, and the scalar (γ) equals 1. If the state were to provide flat funding per pupil to all districts, no targeting to poor districts would occur, and the equalizing factor (β) would equal 0 and the scalar (γ) would equal (1-α), the state's share of total funding.

Targeting Effort

As discussed earlier, we used the slope of equation IV.5 to determine how much the state would have to target state funding to low tax base districts to achieve an implicit foundation level equal to the state average. Revising equation IV.6 produced a similar equation that shows how much state funding would have to be targeted to low tax base districts to achieve an implicit foundation level below the state average. We modified equation IV.6 by substituting (1-α)/(1-βα) for the scalar (γ) and substituting ($\alpha\bar{e}/\bar{v}$) for the average tax effort ($\bar{t}$). Making these substitutions in equation IV.6 and rearranging terms yielded the following equation analogous to equation IV.5:

Equation IV.11

$$\frac{g_i}{g} = \left(\frac{1}{1-\beta\alpha}\right) - \left(\frac{\beta\alpha}{1-\beta\alpha}\right)\left(\frac{v_i}{v}\right)$$

This equation is the basis for running regressions, using actual district data for state funding per pupil (g_i) and the tax base per pupil (v_i). The slope (βα/(1-βα)) represents the state's targeting effort. When estimating this equation, the slope and the intercept (1/(1-βα)) must be constrained so that they sum to 1. After obtaining the regression coefficient for the tax base per pupil, we can solve for the equalizing factor (β) because the local share of funding (α) is known. When the state's implicit foundation level is less than the state average, the state's equalizing factor (β) is less than 1 and the state's targeting effort ((βα)/(1-βα)) is less than it would be at its maximum value (α/(1-α)).

Implicit Foundation Level

The term representing the implicit foundation level in equation IV.6 equals the scalar (γ) times the state's average total funding per pupil ($\bar{e}$) or the maximum foundation level. Substituting the expression in equation IV.10 for the scalar (γ) in equation IV.6, we expressed the implicit foundation level in terms of the state's average total funding per pupil, the local share of school funding, and the equalizing factor as follows:

Equation IV.12

$$\text{Implicit Foundation Level} = \gamma\,\bar{e} = \left(\frac{1-\alpha}{1-\beta\alpha}\right) e$$

Using equation IV.12 and knowing the local funding percentage (α), the equalizing factor (β), and the state average funding level ($\bar{e}$), we solved for the state's implicit foundation level.

Equalization Effort

A state's equalization effort is a ratio of the state's implicit foundation level to the maximum or average funding level. By rearranging terms in equation IV.12, we showed that a state's equalization effort, the ratio of the implicit foundation level (e^*) to the average funding level ($\bar{e}$), equals the scalar (γ) or $(1-\alpha)/(1-\beta\alpha)$. Therefore, a state's equalization effort reflects the state's share of education funding and a state's targeting effort.

Appendix V describes how we used these equations to estimate each state's targeting effort, implicit foundation level, and equalization effort.

Estimating Equity Measures

This appendix describes the statistical models we used to estimate each state's targeting effort, implicit foundation level, and equalization effort. It also presents the model results and the index data for some of the model variables. In addition, it explains how the implicit foundation level for each state can be adjusted to facilitate cross-state comparisons. Finally, it describes how states' estimated equalization efforts and relative local tax efforts can explain the variation in state fiscal neutrality scores.

Calculating State Targeting Efforts

In appendix IV, we developed a model to calculate a state's implicit foundation level that required knowing a state's targeting effort, share of education funding, and average total funding per pupil. To determine a state's targeting effort, we estimated the elasticity of state funding with respect to district income (that is, districts' tax bases) as measured by income per pupil. The basic equation representing this relationship is equation IV.11 from appendix IV, reproduced in this appendix as equation V.1. The coefficient of the local tax base variable in this equation provided an estimate of the elasticity of state funding relative to district income.[83]

Equation V.1

$$\frac{g_i}{\bar{g}} = \left(\frac{1}{1-\beta\alpha}\right) - \left(\frac{\beta\alpha}{1-\beta\alpha}\right)\left(\frac{v_i}{\bar{v}}\right)$$

where

g_i = state funding per pupil in a school district

$\bar{g}$ = the average state funding per pupil

α = the local share of the total funding for education in the state

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[83] A regression coefficient measures the change in the dependent variable per unit change in the independent variable. An elasticity is, by definition, the percent change in a dependent variable associated with a 1-percent change in an independent variable. Because the dependent and independent variables in this model are measured as percents of their respective state averages, the regression coefficient (β_1) can be interpreted as the percent difference in state funding per pupil associated with a 1-percent difference in district income from the state average per pupil income. This, by definition, is the elasticity of total per pupil funding relative to a district's per pupil income, evaluated at the mean of these variables.

β = the equalizing factor, that is, the fraction of the maximum targeting effort that the state undertakes

v_i = the tax base per pupil in a school district (in our study, we used income per pupil)

$\bar{v}$ = the average per pupil tax base in the state.

In the regression, both the dependent and independent variables were adjusted for differences in geographic cost within the state by applying a district-level teacher cost index to the dollar figures (see app. II). The dependent variable was a district's state funding per pupil, and the key independent variable was a district's income per pupil.

Our analyses included four other independent variables that controlled for student-need factors that contribute to the cost of education. The first three of these variables relate to the presence of high-cost student groups in a district,[84] and the fourth variable relates to cost differences due to economies of scale. The four variables are

- the percent of district students who are poor (based on the percentage of children who live in households that were below the poverty level in 1989);[85]
- the percent of district students who are disabled designated as special education students under the Individuals With Disabilities Education Act (part B) who have an Individual Education Plan;
- the percent of district students who are high school students (grades 9 to 12); and
- the total square of district enrollment (membership) on October 1, 1991.

We included these control variables in our model rather than use the student need index developed in appendix II because we wanted to account for actual state targeting policies to the extent possible rather than use a uniform measure of student need that may not reflect actual state policy.

All variables in the analysis were put into index form. Including all four control variables yielded the following model of state targeting policies:

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[84] Although students with limited English proficiency are considered to be a high-cost student group, we did not include them in our analysis because we could not obtain accurate district-level data on the number of such students.

[85] The average poverty threshold for a family of four was $12,674 in 1989.

Equation V.2

$$\frac{g_i}{c_i g} = \left(\frac{\beta_0}{1-\beta\alpha}\right) + \left(\frac{\beta_1}{1-\beta\alpha}\right) \text{MEMSQI} + \left(\frac{\beta_2}{1-\beta\alpha}\right) \text{PovI} + \left(\frac{\beta_3}{1-\beta\alpha}\right) \text{SNI} + \left(\frac{\beta_4}{1-\beta\alpha}\right) \text{HSI} - \left(\frac{\beta\alpha}{1-\beta\alpha}\right) \frac{v_i}{c_i v} + \epsilon$$

where

c_i = a district's teacher cost index adjusted for statewide differences

MEMSQI[56]=a district's student membership squared as a percent of the district student membership (as a percent of the state average)

PovI = the percent of district students below the poverty level (as a percent of the state average)

SNI = the percent of district students with an Individual Education Plan (a measure of pupils with special education needs) also measured as a percent of the state average

HSI = the percent of district students who are high school students (as a percent of the state average)

ϵ = error term measuring all other factors affecting the distribution of state funding.

Each of the regression coefficients in the model depends on the equalization factor and the local share of education funding ($\beta\alpha$). An additional coefficient (β_1, β_2, β_3, and β_4), unique to each variable, was added so that the regression coefficients added to 1.0, as required by the equalization model (see app. IV). The regression coefficients in the model range from ($\beta_1/(1-\beta\alpha)$) to ($\beta_4/(1-\beta\alpha)$). The constant term ($\beta_0/(1-\beta\alpha)$) in the model, in effect, serves as a control for the membership size of the district.[87]

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[56] The "I" at the end of each variable is to emphasize that each variable is measured as a percent of its corresponding state average (that is, as an index).

The model in equation V.2 was estimated by weighting each observation for membership size to allow school districts with larger enrollments to have a greater effect on determining the coefficients of the equation. This prevents one or a few small school districts from unduly influencing the estimated coefficients. The results are then more representative of the effect that state funding targeting policies had on students in the state.

Because we were estimating the extent to which each state's funding targeting policy was consistent with providing an implicit foundation level with a minimum tax effort, we also imposed the restriction that the three student-need variables would have non-negative coefficients. We did not specify the direction of the coefficient for the membership squared variable because we did not have an expectation of how a state's funding targeting policy might reflect economies or diseconomies of size. Because we wanted to determine the actual targeting efforts of states compared with district income, we did not restrict the coefficient for the income per pupil variable, allowing the coefficient to be any sign. We reported state targeting efforts using the income per pupil coefficient obtained from this effort.[88]

Results

Table V.1 shows the targeting effort for state funds compared with district income per pupil, the sampling error, and the overall R square.[89] Negative targeting efforts represent more targeting to poor than to wealthy districts; positive targeting efforts represent more targeting to wealthy than to poor districts. A targeting effort of 0 signifies no targeting of state funds to either poor or wealthy districts.

Our analysis shows that 33 states targeted more state funds to districts as district income declined. However, the degree of the targeting varied widely, ranging from a high of –1.007 in Nevada to a low of –.099 in Indiana. Fourteen states did not target state funds on the basis of district income—the targeting effort was not statistically different from 0. Two states—Louisiana and North Dakota—provided more state funding to districts as district income increased.

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[87] This can be seen by first multiplying both sides of equation V.2 by the average state funding per pupil ($\bar{g}$). This adjusts each coefficient in the equation by a constant. The dependent variable would then be the funding per pupil of the district (g_i). Multiplying this resulting equation by membership size would make the intercept shown in equation V.2 the coefficient of district membership. Thus, the intercept can be interpreted as the coefficient for membership.

[88] Because all variables are expressed in an index form, that is, they are a ratio of the variable's district rate to the corresponding state average, the regression coefficients of the variables automatically represent elasticities.

[89] The adjusted R square is the proportion of the variation of the dependent variable explained by the independent variable(s).

The degree to which states targeted state funds on the basis of differences in district income and student need also varied widely. In only 19 states, district income and student need accounted for more than 50 percent of the variation in state funding per pupil as noted by the R squared results. In 3 of the 19 states—Kentucky, Maryland, and Virginia—more than 80 percent of the variation in state funding was explained. In the remaining 30 states, less than half of the variation in state funding per pupil was due to differences in district income and student need.

Tables V.2 and V.3 provide the average income per pupil and average state funding per pupil as well as the average index numbers of these two variables according to groups of increasing district income. Tables V.4 to V.7 provide the average index numbers for the four control variables associated with student poverty, disabled students, high school students, and district size according to groups of increasing district income.

Table V.1: Regression Results for State Targeting

State	Targeting effort[a]	Sampling error	Overall R squared
Alabama[b]	+.020	.045	.179
Alaska[b]	+.068	.175	.487
Arizona	-.232	.035	.410
Arkansas	-.328	.031	.432
California	-.119	.010	.331
Colorado	-.753	.068	.512
Connecticut	-.430	.055	.680
Delaware[b]	-.070	.133	.424
Florida	-.615	.077	.698
Georgia	-.242	.065	.492
Idaho	-.130	.051	.293
Illinois	-.230	.015	.649
Indiana	-.099	.030	.294
Iowa	-.104	.028	.335
Kansas	-.241	.095	.326
Kentucky	-.239	.031	.845
Louisiana	+.150	.068	.270
Maine	-.287	.060	.329
Maryland	-.566	.104	.873

(continued)

State	Targeting effort[a]	Sampling error	Overall R squared
Massachusetts	−.316	.057	.664
Michigan	−.475	.052	.573
Minnesota	−.499	.031	.574
Mississippi[b]	−.020	.011	.285
Missouri[b]	−.017	.048	.577
Montana	−.126	.047	.207
Nebraska	−.245	.029	.142
Nevada	−1.007	.329	.667
New Hampshire	−.571	.132	.384
New Jersey	−.104	.027	.534
New Mexico[b]	+.024	.101	.066
New York	−.578	.024	.686
North Carolina[b]	−.016	.036	.479
North Dakota	+.173	.043	.556
Ohio	−.180	.025	.578
Oklahoma	−.102	.029	.471
Oregon[b]	−.043	.063	.122
Pennsylvania	−.255	.019	.686
Rhode Island	−.693	.184	.494
South Carolina	−.505	.064	.625
South Dakota[b]	+.116	.121	.440
Tennessee[b]	+.017	.032	.496
Texas	−.522	.035	.595
Utah[b]	−.172	.107	.405
Vermont	−.539	.107	.280
Virginia	−.499	.039	.835
Washington[b]	−.009	.032	.226
West Virginia[b]	−.127	.105	.357
Wisconsin	−.270	.029	.445
Wyoming[b]	+.296	.391	.242

[a] This is the elasticity of state funding in a district relative to district income adjusted for statewide differences in cost and need. An elasticity of 0 signifies no targeting of state funds to either poor or wealthy districts; a negative effort indicates that more state funding is provided to poor districts; a positive effort indicates that more state funding is provided to wealthy districts.

[b] Statistically, the targeting effort is not significantly different from 0.

Table V.2: Income per Pupil Index Adjusted for Statewide Differences in Cost

State average = 1.00

		Average income per pupil index numbers				
		Poorest				Wealthiest
State	Average income per pupil	Group 1	Group 2	Group 3	Group 4	Group 5
Alabama	$63,313	.69	.87	.97	1.05	1.42
Alaska	83,220	.49	.91	1.12	1.23	1.38
Arizona	98,442	.35	.62	.76	1.07	2.30
Arkansas	55,895	.64	.81	.93	1.10	1.52
California	121,872	.40	.63	.79	1.01	2.18
Colorado	81,879	.63	.81	.96	1.17	1.46
Connecticut	148,273	.56	.77	.88	1.05	1.73
Delaware	106,718	.61	.73	.84	1.17	1.68
Florida	98,373	.69	.83	.92	1.11	1.49
Georgia	73,340	.62	.82	.94	1.15	1.49
Idaho	51,724	.59	.81	.97	1.05	1.59
Illinois	134,121	.49	.59	.68	.93	2.30
Indiana	76,049	.69	.87	.98	1.07	1.40
Iowa	69,690	.74	.87	.95	1.08	1.35
Kansas	74,725	.69	.82	.93	1.10	1.46
Kentucky	63,691	.57	.78	.95	1.16	1.53
Louisiana	58,920	.67	.78	.95	1.14	1.53
Maine	76,336	.64	.76	.89	1.14	1.57
Maryland	114,832	.66	.78	.95	1.17	1.50
Massachusetts	133,452	.60	.77	.94	1.11	1.58
Michigan	80,367	.63	.75	.90	1.08	1.66
Minnesota	81,234	.61	.77	.89	1.11	1.62
Mississippi	51,017	.59	.76	.87	1.04	1.79
Missouri	79,570	.61	.77	.95	1.13	1.54
Montana	115,518	.43	.64	.79	1.07	2.07
Nebraska	94,845	.69	.83	.95	1.13	1.43
Nevada	86,827	.66	.99	1.07	1.27	
New Hampshire	106,978	.63	.78	.90	1.07	1.61
New Jersey	160,761	.40	.63	.86	1.09	2.02
New Mexico	54,999	.48	.80	.91	1.34	1.90
New York	114,397	.63	.84	.96	1.02	1.57
North Carolina	76,415	.68	.84	.93	1.14	1.40
North Dakota	58,094	.68	.88	.99	1.11	1.39
Ohio	80,781	.65	.80	.91	1.09	1.55

(continued)

State average = 1.00

State	Average income per pupil	Average income per pupil index numbers: Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Oklahoma	64,014	.62	.80	.90	1.16	1.51
Oregon	85,350	.65	.79	.92	1.12	1.56
Pennsylvania	99,378	.64	.82	.92	1.07	1.55
Rhode Island	108,151	.74	.88	1.01	1.10	1.34
South Carolina	65,707	.68	.86	1.00	1.13	1.33
South Dakota	57,440	.66	.87	1.01	1.10	1.37
Tennessee	70,681	.65	.83	.93	1.13	1.43
Texas	62,842	.48	.82	1.01	1.18	1.53
Utah	41,385	.69	.87	.96	1.05	1.39
Vermont	112,652	.50	.74	.91	1.17	1.66
Virginia	93,199	.67	.80	.86	1.09	1.61
Washington	82,373	.62	.78	.90	1.06	1.67
West Virginia	58,725	.66	.83	.98	1.13	1.37
Wisconsin	82,555	.68	.84	.92	1.04	1.53
Wyoming	$55,152	.68	.89	1.01	1.12	1.30

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table V.3: State Funding per Pupil Index Adjusted for Statewide Differences in Cost

State average = 1.00

State	Average state funding per pupil	Average state funding per pupil index numbers: Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Alabama	$2,287	1.07	1.01	.96	.96	.99
Alaska	6,137	1.29	1.03	.84	.84	1.08
Arizona	2,109	1.20	1.08	1.02	1.04	.62
Arkansas	2,476	1.14	1.05	1.02	.93	.87
California	3,131	1.12	1.03	1.14	.92	.79
Colorado	2,194	1.20	1.24	.95	.94	.67
Connecticut	3,186	1.59	1.17	1.04	.74	.46
Delaware	3,916	1.15	1.04	.96	.94	.92
Florida	2,946	1.27	1.07	1.01	.96	.66
Georgia	2,361	1.19	1.13	.99	.90	.79
Idaho	2,350	1.05	1.06	.99	1.04	.86

(continued)

State average = 1.00

State	Average state funding per pupil	Average state funding per pupil index numbers: Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Illinois	1,652	1.42	1.10	1.11	.79	.63
Indiana	2,703	1.06	1.01	.97	1.03	.93
Iowa	2,375	1.01	1.02	1.01	.99	.97
Kansas	2,181	1.14	1.17	1.06	.95	.68
Kentucky	2,609	1.21	1.09	1.00	.91	.80
Louisiana	2,433	1.06	1.00	1.01	.93	1.03
Maine	2,307	1.14	1.12	1.08	1.02	.66
Maryland	2,438	1.19	1.16	1.05	.90	.65
Massachusetts	1,932	1.65	1.04	.79	.86	.66
Michigan	1,925	1.70	1.19	.94	.69	.38
Minnesota	3,019	1.23	1.09	1.05	.98	.65
Mississippi	1,823	1.02	1.04	1.03	.98	.94
Missouri	1,773	1.02	.94	.83	1.25	.98
Montana	2,137	.88	.93	.95	1.07	1.17
Nebraska	1,768	1.15	1.12	.96	.95	.81
Nevada	2,049	1.43	.94	1.28	.79	[a]
New Hampshire	486	1.77	1.07	.86	.67	.63
New Jersey	3,985	1.57	1.20	.80	.65	.79
New Mexico	3,254	.98	1.01	.98	1.03	.92
New York	3,320	1.55	1.20	.81	.97	.64
North Carolina	2,995	1.08	1.01	1.00	.97	.94
North Dakota	1,957	1.08	.98	1.02	.97	.95
Ohio	1,971	1.19	1.11	1.04	.88	.78
Oklahoma	2,575	1.15	1.06	.97	.96	.86
Oregon	1,584	1.20	1.01	1.04	.79	.97
Pennsylvania	2,753	1.26	1.05	1.09	.93	.68
Rhode Island	2,333	1.29	.98	1.02	.82	.78
South Carolina	2,153	1.16	1.09	1.01	.90	.85
South Dakota	1,109	1.21	1.16	.87	.94	.85
Tennessee	1,566	1.07	1.01	.99	1.02	.92
Texas	2,180	1.53	1.13	1.01	.83	.50
Utah	1,911	1.06	1.10	1.03	.93	.92
Vermont	2,243	1.19	1.33	1.17	.80	.51
Virginia	1,695	1.35	1.21	.98	.94	.50
Washington	3,988	1.10	1.01	1.00	.98	.89
West Virginia	3,574	1.10	1.05	1.00	.95	.91

(continued)

State average = 1.00

		Average state funding per pupil index numbers				
		Poorest				Wealthiest
State	Average state funding per pupil	Group 1	Group 2	Group 3	Group 4	Group 5
Wisconsin	2,707	1.21	1.22	1.01	.90	.65
Wyoming	$3,111	1.01	.69	.90	1.13	1.26

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table V.4: Poverty Index

State average = 1.00

		Average poverty rate index numbers				
		Poorest				Wealthiest
State	Average poverty rate (percent)	Group 1	Group 2	Group 3	Group 4	Group 5
Alabama	23.8	1.43	.87	1.15	.64	.83
Alaska	11.2	1.90	.82	.64	.82	.53
Arizona	21.0	1.74	.91	.75	.84	.74
Arkansas	24.6	1.37	1.06	.99	.72	.86
California	18.4	1.41	.93	1.28	.76	.61
Colorado	14.8	1.40	1.17	.76	.45	1.26
Connecticut	10.4	2.67	.75	.73	.38	.48
Delaware	12.2	1.35	1.24	.85	.82	.75
Florida	18.6	1.17	1.22	.99	.79	.80
Georgia	19.6	1.40	1.11	.82	1.07	.57
Idaho	15.8	1.02	1.21	1.02	.90	.85
Illinois	16.4	1.14	2.00	.79	.56	.37
Indiana	13.5	1.32	.83	.83	1.20	.81
Iowa	13.8	1.03	.96	1.19	.86	.95
Kansas	13.8	1.36	.89	.92	1.01	.83
Kentucky	25.1	1.63	1.06	.84	.71	.77
Louisiana	31.8	1.17	1.08	.93	1.04	.72
Maine	13.7	1.31	.96	.97	.92	.83
Maryland	11.3	2.38	.79	.72	.59	.51
Massachusetts	13.3	1.91	.85	.54	1.20	.49
Michigan	17.4	1.94	1.14	.72	.63	.42
Minnesota	12.1	1.29	.80	.82	1.04	1.05
Mississippi	32.9	1.36	1.12	.91	.80	.82
Missouri	17.0	1.39	.98	.80	1.01	.84

(continued)

State average = 1.00

State	Average poverty rate (percent)	Average poverty rate index numbers				
		Poorest				Wealthiest
		Group 1	Group 2	Group 3	Group 4	Group 5
Montana	19.5	1.36	.95	.93	.92	.85
Nebraska	12.9	1.16	.94	.67	1.37	.83
Nevada	13.3	.93	1.09	.67	.88	[a]
New Hampshire	7.6	1.35	.87	1.07	1.05	.67
New Jersey	11.3	2.57	1.07	.53	.39	.45
New Mexico	27.5	1.57	1.01	1.06	.70	.47
New York	18.5	.91	.72	1.65	.41	.31
North Carolina	17.1	1.56	.97	.93	.82	.74
North Dakota	16.4	1.42	1.06	.87	.82	.82
Ohio	16.9	1.32	1.22	1.13	.76	.57
Oklahoma	20.9	1.27	1.08	.82	.76	1.07
Oregon	15.2	1.28	1.10	.97	.65	1.02
Pennsylvania	15.2	1.33	.92	1.47	.90	.39
Rhode Island	12.8	2.10	.39	.78	.60	.57
South Carolina	20.8	1.43	1.07	.71	.79	.97
South Dakota	18.2	1.60	1.13	.88	.78	.62
Tennessee	20.4	1.11	.95	1.31	.86	.76
Texas	24.4	1.73	.98	.70	.87	.72
Utah	12.1	1.10	1.08	.64	1.01	1.29
Vermont	11.8	1.21	.96	.90	.89	1.03
Virginia	13.4	1.52	1.15	.78	1.12	.45
Washington	14.3	1.45	.86	1.01	.93	.73
West Virginia	25.6	1.47	1.08	.89	.73	.82
Wisconsin	14.1	1.14	1.84	.74	.77	.51
Wyoming	13.8	1.06	.94	1.01	1.04	.96

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table V.5: Disabled Index

State average = 1.00

		Average disabled rate index numbers				
		Poorest				Wealthiest
State	Average disabled rate (percent)	Group 1	Group 2	Group 3	Group 4	Group 5
Alabama	13.5	.92	1.04	1.04	1.06	.95
Alaska	13.5	1.14	1.00	.90	.95	.99
Arizona	8.9	1.11	1.00	.94	1.06	.88
Arkansas	9.7	1.09	1.01	1.04	.94	.92
California	8.8	.93	1.00	1.02	1.05	.99
Colorado	9.6	1.01	1.15	.93	.89	1.05
Connecticut	12.8	1.07	1.05	.94	1.00	.94
Delaware	10.6	.98	1.08	1.03	.98	.90
Florida	11.9	1.01	.92	1.01	.99	1.10
Georgia	9.0	1.05	1.12	.96	.89	.99
Idaho	10.4	.94	1.05	1.01	.98	1.03
Illinois	13.0	1.08	.84	1.06	1.08	.97
Indiana	11.6	1.03	.98	1.00	1.05	.94
Iowa	12.6	.92	.96	1.02	1.05	1.05
Kansas	10.2	1.00	.94	1.01	1.12	.95
Kentucky	12.4	1.03	1.00	.97	.97	1.02
Louisiana	10.7	.99	1.08	.94	.92	1.09
Maine	11.9	.99	.95	1.00	1.04	1.03
Maryland	12.0	1.23	.98	.88	1.02	.84
Massachusetts	15.9	.90	1.01	.99	1.09	1.00
Michigan	9.9	.98	.99	1.00	1.08	.95
Minnesota	10.7	.94	.95	1.02	1.05	1.05
Mississippi	12.0	.83	1.12	1.03	1.02	.99
Missouri	10.0	1.12	1.15	.98	1.08	.68
Montana	9.8	1.05	.96	1.18	.95	.85
Nebraska	12.3	.92	.99	.97	1.03	1.09
Nevada	9.4	1.17	.90	1.23	1.13	[a]
New Hampshire	11.4	.92	.99	.99	1.01	1.09
New Jersey	16.1	.94	1.06	1.04	.99	.98
New Mexico	12.2	.89	.90	.95	1.17	.90
New York	11.0	.98	.99	1.05	.95	.95
North Carolina	11.4	.98	.97	1.08	1.01	.96
North Dakota	10.4	.97	1.06	1.08	.97	.90
Ohio	11.3	.99	1.06	1.03	.95	.98

(continued)

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State average = 1.00

State	Average disabled rate (percent)	Average disabled rate index numbers Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Oklahoma	11.4	1.07	91	92	95	1.16
Oregon	9.3	1.07	1.02	1.01	93	97
Pennsylvania	10.8	1.05	1.01	1.00	1.00	93
Rhode Island	14.7	92	94	1.05	1.09	1.00
South Carolina	10.9	98	1.05	89	1.04	1.04
South Dakota	9.8	1.10	88	90	97	1.16
Tennessee	11.9	1.10	1.08	87	1.02	94
Texas	9.9	91	1.05	1.08	1.00	96
Utah	10.6	1.05	98	92	89	1.14
Vermont	10.4	1.05	98	1.05	99	92
Virginia	11.3	94	92	96	1.07	1.13
Washington	9.6	1.07	99	1.09	92	92
West Virginia	13.4	1.05	1.06	96	97	97
Wisconsin	11.0	99	1.05	1.00	1.03	93
Wyoming	10.3	93	95	1.09	1.08	95

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table V.6: High School Index

State average = 1.00

State	Average high school student index numbers Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Alabama	1.02	1.02	1.00	1.01	96
Alaska	93	99	1.03	1.02	1.08
Arizona	77	67	76	81	2.08
Arkansas	99	1.00	1.01	99	1.01
California	80	79	92	85	1.64
Colorado	97	1.00	1.01	1.03	99
Connecticut	89	99	99	1.02	1.11
Delaware	1.03	99	99	1.02	94
Florida	1.00	1.01	99	99	1.02
Georgia	1.01	99	1.01	96	1.03
Idaho	1.02	1.01	1.02	98	97
Illinois	87	87	84	46	1.97

(continued)

State average = 1.00

State	Average high school student index numbers				
	Poorest				Wealthiest
	Group 1	Group 2	Group 3	Group 4	Group 5
Indiana	1.02	1.01	1.02	.96	.99
Iowa	.99	1.01	1.01	1.03	.96
Kansas	.96	1.06	1.02	1.01	.96
Kentucky	1.00	1.01	1.02	.98	.99
Louisiana	.98	.97	1.03	1.01	1.01
Maine	1.15	1.10	.98	.88	.88
Maryland	.86	1.03	1.06	1.03	1.02
Massachusetts	.97	.99	1.04	1.07	.91
Michigan	.94	1.00	1.03	.99	1.05
Minnesota	1.05	1.04	1.01	.96	.93
Mississippi	.97	.98	1.02	1.03	1.00
Missouri	1.04	1.03	.98	.95	.99
Montana	.02	.04	.04	1.42	3.55
Nebraska	1.05	1.02	.99	.90	1.05
Nevada	1.00	1.00	1.04	1.00	[a]
New Hampshire	1.16	1.18	1.22	.88	.57
New Jersey	.87	.91	.94	.86	1.42
New Mexico	1.02	.98	1.01	1.00	1.00
New York	.97	.98	.98	1.02	1.07
North Carolina	1.01	1.02	1.00	1.01	.96
North Dakota	1.02	1.06	1.00	.98	.93
Ohio	1.02	1.00	.96	1.01	1.02
Oklahoma	1.09	1.03	1.04	.98	.85
Oregon	1.00	.96	.95	.83	1.29
Pennsylvania	1.00	1.01	.98	1.00	1.02
Rhode Island	.95	1.07	.97	1.04	1.00
South Carolina	.99	1.02	1.03	1.03	.95
South Dakota	.93	.97	.99	.99	1.12
Tennessee	1.11	1.05	.97	.96	.92
Texas	1.02	1.01	1.01	.97	.99
Utah	1.04	1.02	.99	1.00	.97
Vermont	1.11	.60	.55	.97	1.75
Virginia	1.03	1.02	.94	.95	1.06

(continued)

State average = 1.00

	Average high school student index numbers				
	Poorest				Wealthiest
State	Group 1	Group 2	Group 3	Group 4	Group 5
Washington	1.03	1.00	.96	1.00	1.01
West Virginia	1.01	.99	.99	1.00	1.01
Wisconsin	1.00	.88	1.04	1.02	1.06
Wyoming	.95	.99	1.05	1.01	.99

[a]Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Table V.7: Membership Squared Index

State average = 1.00

	Average membership squared index numbers				
	Poorest				Wealthiest
State	Group 1	Group 2	Group 3	Group 4	Group 5
Alabama	.20	.37	2.19	1.15	.95
Alaska	.26	.51	.16	2.09	.08
Arizona	.26	.52	1.77	1.73	.58
Arkansas	.30	.42	.50	1.53	2.23
California	.21	.17	4.16	.33	.13
Colorado	.13	.51	.72	2.23	1.46
Connecticut	2.24	.85	.61	.56	.75
Delaware	.43	.51	.79	1.58	1.45
Florida	.25	2.23	.80	.86	.66
Georgia	.16	.26	.79	1.57	2.26
Idaho	.38	.44	1.12	1.01	2.05
Illinois	.04	4.08	.07	.07	.04
Indiana	.60	.51	.47	1.84	1.52
Iowa	.17	.41	1.18	.61	2.54
Kansas	.67	.16	.39	.50	3.23
Kentucky	.26	.21	.29	.31	3.90
Louisiana	.32	.34	.87	1.71	1.80
Maine	.61	1.25	.93	1.00	1.21
Maryland	1.16	.31	1.25	.97	1.42
Massachusetts	1.13	.60	.33	2.53	.38
Michigan	3.23	.24	.22	.40	.36
Minnesota	.16	1.07	.87	1.28	1.61
Mississippi	1.93	.58	.63	.91	.94

(continued)

State average = 1.00

	Average membership squared index numbers				
	Poorest				Wealthiest
State	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**
Missouri	.20	.28	.79	1.83	1.93
Montana	.28	.32	1.89	1.69	.75
Nebraska	.18	.23	.55	2.58	1.38
Nevada	.05	1.48	.07	.45	[a]
New Hampshire	.43	.68	2.08	1.42	.40
New Jersey	2.51	1.14	.60	.48	.27
New Mexico	.20	.17	.34	2.49	.33
New York	.02	.02	2.68	.01	.01
North Carolina	.40	.77	.60	.61	2.53
North Dakota	.30	.81	1.15	1.23	1.57
Ohio	.29	1.41	1.07	1.27	.97
Oklahoma	.13	.45	.84	.56	2.98
Oregon	.19	.40	.94	1.02	2.53
Pennsylvania	.12	.14	4.20	.36	.19
Rhode Island	1.85	.49	.73	1.13	.31
South Carolina	.57	.42	.74	.80	2.30
South Dakota	.19	.21	1.53	.42	2.35
Tennessee	.22	.24	2.25	.39	1.66
Texas	.57	.40	.39	2.24	1.41
Utah	.50	.22	1.53	1.99	.45
Vermont	1.04	1.20	.63	.95	1.20
Virginia	.30	.33	1.34	.31	2.63
Washington	.43	.66	1.03	1.20	1.71
West Virginia	.53	.48	.86	.94	2.07
Wisconsin	.10	3.47	.33	.65	.42
Wyoming	.40	.74	.51	1.66	1.72

[a] Nevada was divided into only four groups because of the distribution of the student population. The wealthiest group is group 4.

Calculating State Implicit Foundation Levels and Equalization Effort

In appendix IV we demonstrated that to calculate the implicit foundation level we must know the state's targeting effort, the local share of total funding, the state's average total funding per weighted pupil, and the equalizing factor. Because the equalization theory underlying the implicit foundation level implies state funding is targeted to poor districts, when we determined the targeting effort for calculating the implicit foundation level, we constrained the coefficient of the tax base variable to be less than or equal to 0. Then, having calculated the state's targeting effort (that is, the coefficient of the tax base variable, $\beta\alpha/(1-\beta\alpha)$) and knowing the local share of education funding (α) and average total funding per weighted pupil ($\bar{e}$), we can solve for the equalizing factor (β). Finally, knowing the equalizing factor, we can calculate the state's implicit foundation level using equation IV.12 from appendix IV (reproduced here as equation V.3). The results for each state are reported in table V.8.

Equation V.3

$$\text{Implicit Foundation Level} = \left(\frac{1-\alpha}{1-\beta\alpha}\right)\bar{e}$$

where

$\bar{e}$ = the state's average total funding per weighted pupil.

The implicit foundation level available to all students in a state depends upon the state's average total funding per weighted pupil, targeting effort, and share of total funding. Two states with the same average total funding per weighted pupil can have very different implicit foundation levels depending on their state equalization policies. For example, Alaska and Connecticut had about the same average funding level. However, Alaska's state share was about twice that of Connecticut's. Consequently, Alaska's implicit foundation level ($6,137) was much more than Connecticut's ($4,556), even though Connecticut's targeting effort was greater than Alaska's effort.

Once we know the implicit foundation level, we can calculate the state's equalization effort. This is a measure of the implicit foundation level as a percent of the state average. Since the state average is the maximum foundation level that is possible in a state given the total funding devoted to education, the equalization effort is a measure of how close a state comes to reaching the maximum level.

Results

States' implicit foundation levels varied widely. The average implicit foundation level was $3,090 per weighted pupil in school year 1991-92, with levels ranging as low as $764 in New Hampshire to as high as $6,137 in Alaska.[90]

States' equalization efforts also varied widely. Only one state—Nevada—reached the state average for each student.[91] The equalization effort in the other 48 states was less than the state average, ranging from 87 percent (Arkansas and Kentucky) to 13 percent (New Hampshire) of their state average. In 14 states, districts could finance less than half the state average with a minimum local tax effort.

Table V.8 summarizes the critical data used to determine the implicit foundation level and equalization effort for all states.

Table V.8: State Targeting, State Share, and Funding Levels

State	State targeting effort[a] ($\beta\alpha/(1-\beta\alpha)$)	State's share as a percent of total funding ($1-\alpha$)	State average funding level[b] ($\bar{e}$)	Implicit foundation level (e^*)	Equalization effort[c] ($e^*/\bar{e}$)
Alabama	.000	69.8	$3,277	$2,287	69.8
Alaska	.000	76.4	8,030	6,137	76.4
Arizona	-.232	46.8	4,507	2,598	57.7
Arkansas	-.328	65.4	3,784	3,289	86.9
California	-.119	68.9	4,543	3,504	77.1
Colorado	-.753	43.5	5,047	3,847	76.2
Connecticut	-.430	38.8	8,221	4,556	55.4
Delaware	-.070	70.2	5,576	4,190	75.1
Florida	-.615	53.0	5,555	4,759	85.7
Georgia	-.242	54.6	4,324	2,932	67.8
Idaho	-.130	67.1	3,504	2,654	75.7
Illinois	-.230	33.2	4,970	2,031	40.9
Indiana	-.099	54.1	4,993	2,970	59.5
Iowa	-.104	49.0	4,849	2,622	54.1
Kansas	-.241	43.8	4,973	2,706	54.4
Kentucky	-.239	70.0	3,728	3,232	86.7
Louisiana	.000	62.2	3,912	2,433	62.2

(continued)

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[90] These figures have not been adjusted for national differences in geographic and student need-related costs. See table V.10 for the nationally adjusted figures.

[91] In fact, Nevada targeted more state funds to poor districts than was necessary for districts to finance the state average with all districts making an equal tax effort. As a result, poor districts in Nevada were able to finance the state average funding level with a lower tax effort than wealthy districts.

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State	State targeting effort[a] ($\beta\alpha/(1-\beta\alpha)$)	State's share as a percent of total funding ($1-\alpha$)	State average funding level[b] ($\bar{e}$)	Implicit foundation level (e^*)	Equalization effort[c] ($e^*/\bar{e}$)
Maine	-.287	49.4	5,681	3,612	63.6
Maryland	-.566	40.4	6,039	3,819	63.2
Massachusetts	-.316	30.8	6,264	2,542	40.6
Michigan	-.475	32.9	5,851	2,839	48.5
Minnesota	-.499	53.5	5,646	4,524	80.1
Mississippi	-.020	64.4	2,831	1,860	65.7
Missouri	-.017	44.6	3,972	1,802	45.4
Montana	-.126	44.2	4,835	2,407	49.8
Nebraska	-.246	34.3	5,148	2,203	42.8
Nevada[d]	-1.007	56.9	3,597	3,597	100.0
New Hampshire	-.571	8.3	5,850	764	13.1
New Jersey	-.104	43.1	9,239	4,399	47.6
New Mexico	.000	85.0	3,830	3,254	85.0
New York	-.578	42.6	7,787	5,240	67.3
North Carolina	-.016	67.7	4,424	3,043	68.8
North Dakota	.000	48.0	4,079	1,957	48.0
Ohio	-.180	41.9	4,709	2,325	49.4
Oklahoma	-.102	71.1	3,623	2,838	78.3
Oregon	-.043	31.1	5,087	1,652	32.5
Pennsylvania	-.255	43.0	6,406	3,455	53.9
Rhode Island	-.694	39.3	5,939	3,953	66.6
South Carolina	-.505	52.4	4,112	3,239	78.8
South Dakota	.000	29.5	3,756	1,109	29.5
Tennessee	.000	47.0	3,329	1,566	47.0
Texas	-.522	47.4	4,603	3,318	72.1
Utah	-.172	60.2	3,177	2,240	70.5
Vermont	-.539	29.0	7,722	3,453	44.7
Virginia	-.499	36.0	4,713	2,541	53.9
Washington	-.009	75.2	5,302	4,025	75.9
West Virginia	-.127	72.5	4,927	4,028	81.8
Wisconsin	-.270	46.2	5,865	3,439	58.6
Wyoming	.000	52.5	5,920	3,111	52.5

(Table notes on next page)

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[a] This is the elasticity of state funding relative to district income adjusted for statewide differences in cost and need. An elasticity of 0 signifies no targeting. States with a .000 have had their income coefficient constrained.

[b] The state average is the average total (state and local) funding per weighted pupil in the state and represents the state's maximum possible foundation level given the total funding devoted to education in the state.

[c] This is equal to the implicit foundation level as a percent of the state average.

[d] Nevada targeted more state funds to poor districts than was necessary for districts to finance the state average with all districts making the same tax effort. As a result, poor districts in Nevada were able to finance the state average funding level with a lower tax effort than wealthy districts.

Sensitivity Analysis

In addition to targeting additional funds to poor districts, some states provided the same minimum amount of state funding to all districts, regardless of district income. Unlike funding for lower income districts, such funding for wealthy districts in some states was not part of the state's targeting effort because it was not sensitive to district income. Consequently, we also estimated the state implicit foundation level and equalization effort, assuming the goal was to have all students except for the 15 percent of students in the wealthiest districts receive the implicit foundation level. Using this analysis, we found that 16 states had a net increase of 10 percentage points or more in their equalization effort, that is, in the extent to which they achieved the state average. Table V.9 provides the results of this analysis.

Table V.9: Implicit Foundation Level and Equalization Effort for 85 Percent of Students in Each State

State	State average funding level for 85 percent of students[a]	Implicit foundation level for 85 percent of students	Equalization effort for 85 percent of the students[b]	Equalization effort for all students[c]
Alabama	$3,237	$2,286	70.6	69.8
Alaska	8,001	6,893	86.1	76.4
Arizona	4,284	2,468	57.6	57.7
Arkansas	3,783	3,296	87.1	86.9
California	4,456	4,002	89.8	77.1
Colorado	5,016	4,251	84.8	76.2
Connecticut	7,614	5,354	70.3	55.4
Delaware	5,499	4,154	75.5	75.1
Florida	5,418	4,252	78.5[d]	85.7
Georgia	4,241	2,659	62.7[d]	67.8
Idaho	3,504	2,654	75.7	75.7
Illinois	4,275	2,701	63.2	40.9

(continued)

State	State average funding level for 85 percent of students[a]	Implicit foundation level for 85 percent of students	Equalization effort for 85 percent of the students[b]	Equalization effort for all students[c]
Indiana	4,960	3,054	61.6	59.5
Iowa	4,833	2,610	54.0[d]	54.1
Kansas	4,955	3,098	62.5	54.4
Kentucky	3,727	3,294	88.4	86.7
Louisiana	3,912	2,433	62.2	62.2
Maine	5,631	4,109	73.0	63.6
Maryland	5,526	4,464	80.8	63.2
Massachusetts	5,451	3,657	67.1	40.6
Michigan	5,636	4,028	71.5	48.5
Minnesota	5,539	4,478	80.8	80.1
Mississippi	2,828	2,141	75.7	65.7
Missouri	3,887	2,311	59.4	45.4
Montana	4,141	1,993	48.1[d]	49.8
Nebraska	5,076	3,092	60.9	42.8
Nevada	3,597	3,597	100.0	100.0
New Hampshire	5,474	1,175	21.5	13.1
New Jersey	8,683	7,897	91.0	47.6
New Mexico	3,826	3,255	85.1	85.0
New York	7,111	7,111	100.0	67.3
North Carolina	4,418	3,014	68.2[d]	68.8
North Dakota	4,074	1,957	48.0	48.0
Ohio	4,550	2,673	58.7	49.4
Oklahoma	3,621	2,885	79.7	78.3
Oregon	5,043	2,432	48.2	32.5
Pennsylvania	6,084	4,119	67.7	53.9
Rhode Island	5,846	5,439	93.0	66.6
South Carolina	4,112	3,239	78.8	78.8
South Dakota	3,756	1,108	29.5	29.5
Tennessee	3,329	1,567	47.1	47.0
Texas	4,588	3,600	78.5	72.1
Utah	3,177	2,240	70.5	70.5
Vermont	7,367	3,036	41.2[d]	44.7
Virginia	4,342	2,994	69.0	53.9
Washington	5,228	4,350	83.2	75.9
West Virginia	4,927	4,028	81.8	81.8
Wisconsin	5,764	4,987	86.5	58.6
Wyoming	$5,920	3,111	52.5	52.5

(Table notes on next page)

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[a] The state average is the average total (state and local) funding per weighted pupil in the state and represents the state's maximum possible foundation level given the total funding devoted to education in the state.

[b] This is equal to the implicit foundation level as a percent of the state average for 85 percent of the students.

[c] From table V.8.

[d] The state achieved a higher percentage when all students were included, indicating that state funding was sensitive to district income across the entire range of district income.

Cross-State Comparisons of Implicit Foundation Levels

To facilitate cross-state comparisons of the implicit foundation levels, we adjusted the implicit foundation levels reported in table V.8 for interstate differences in costs and student needs. We used a teacher cost index available from the National Center for Education Statistics (NCES) for the states to adjust funding data for national differences in cost, and we created a nationwide need index for the states in the same way we created other indexes (see app. II). To compare states, we divided the funding data from a state by the product of the nationwide cost and need indexes of that state. Using this method, we calculated the nationally adjusted implicit foundation level for each state (see table V.10 and fig. V.1). Table V.11 lists the original nationwide teacher cost index we obtained from NCES, an adjusted nationwide index that applies only to teacher costs, and the nationwide need index for each state.

Table V.10: Nationally Adjusted Implicit Foundation Levels

State	Adjusted implicit foundation level[a]
Alabama	$2,447
Alaska	5,415
Arizona	2,712
Arkansas	3,698
California	3,324
Colorado	3,953
Connecticut	4,051
Delaware	4,175
Florida	4,917
Georgia	3,215
Idaho	2,827
Illinois	1,883
Indiana	3,029
Iowa	2,827

(continued)

State	Adjusted implicit foundation level[a]
Kansas	3,067
Kentucky	3,460
Louisiana	2,744
Maine	3,485
Maryland	3,698
Massachusetts	2,170
Michigan	2,751
Minnesota	4,626
Mississippi	2,078
Missouri	1,913
Montana	$2,564
Nebraska	$2,397
Nevada	4,409
New Hampshire	721
New Jersey	3,789
New Mexico	3,441
New York	4,648
North Carolina	3,227
North Dakota	2,175
Ohio	2,281
Oklahoma	3,171
Oregon	1,685
Pennsylvania	3,311
Rhode Island	3,509
South Carolina	3,524
South Dakota	1,260
Tennessee	1,683
Texas	3,542
Utah	2,339
Vermont	3,469
Virginia	2,642
Washington	3,919
West Virginia	4,398
Wisconsin	3,497
Wyoming	3,517
National average	3,134

[a] Adjusted for differences in cost and need nationwide.

Figure V.1: Nationally Adjusted Implicit Foundation Levels (Ranked)

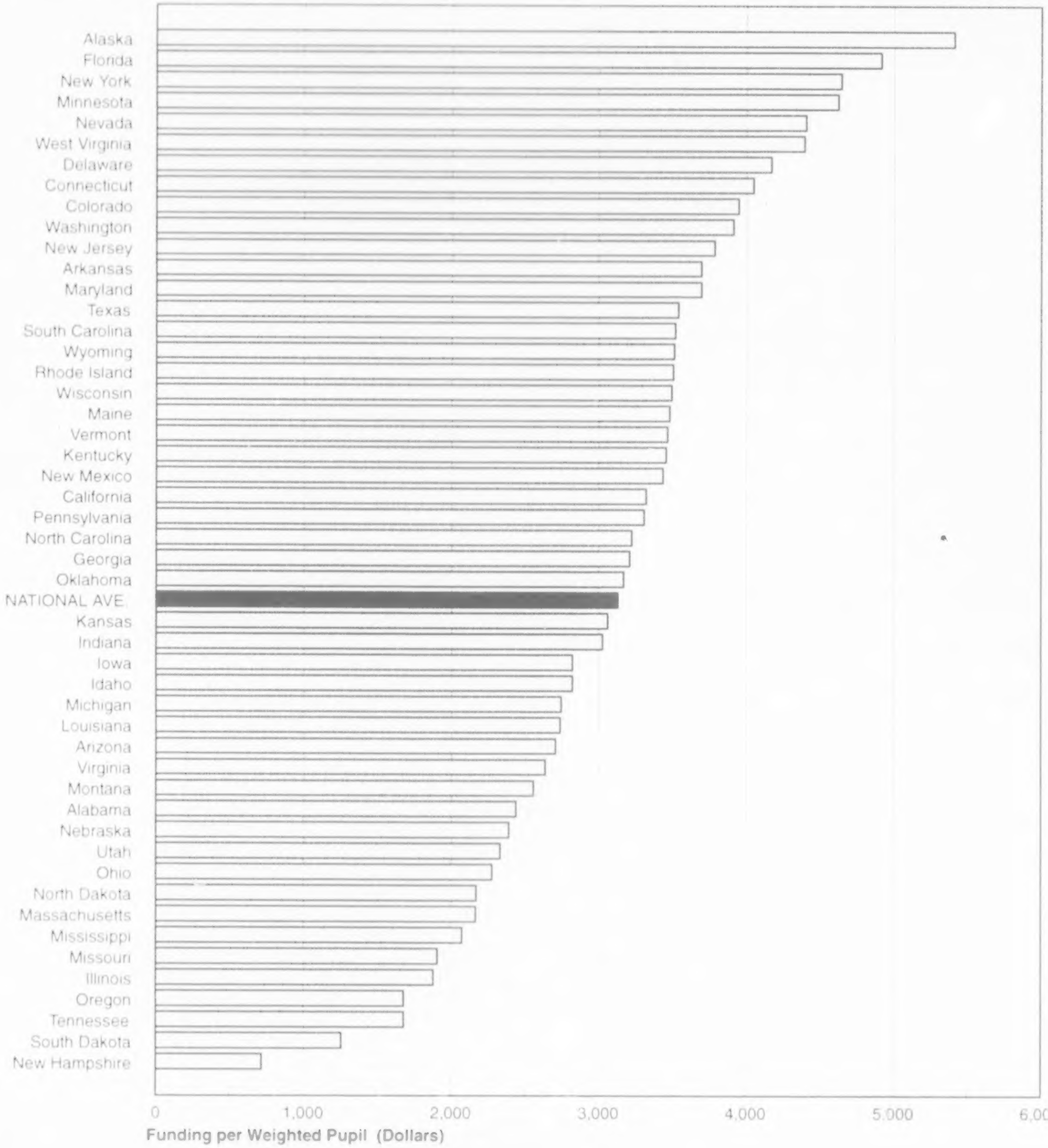

Table V.11: Nationwide State Cost and Need Indexes

State	State teacher cost index[a]	Adjusted state teacher cost index[b]	State need index
Alabama	88.27	.9005	1.0381
Alaska	113.56	1.1150	1.0164
Arizona	97.07	.9752	.9823
Arkansas	87.22	.8916	.9974
California	109.39	1.0796	.9765
Colorado	99.26	.9937	.9791
Connecticut	113.80	1.1170	1.0069
Delaware	102.08	1.0176	.9863
Florida	94.91	.9568	1.0115
Georgia	91.70	.9296	.9811
Idaho	93.86	.9480	.9903
Illinois	106.76	1.0573	1.0201
Indiana	97.74	.9808	.9995
Iowa	90.28	.9176	1.0104
Kansas	87.77	.8963	.9843
Kentucky	89.22	.9086	1.0282
Louisiana	84.57	.8691	1.0201
Maine	103.94	1.0334	1.0029
Maryland	103.84	1.0326	1.0002
Massachusetts	114.06	1.1192	1.0466
Michigan	105.34	1.0453	.9873
Minnesota	98.89	.9906	.9872
Mississippi	83.86	.8631	1.0371
Missouri	94.59	.9541	.9871
Montana	93.92	.9484	.9895
Nebraska	89.87	.9141	1.0054
Nevada	94.90	.9567	.9748
New Hampshire	108.71	1.0739	.9874
New Jersey	113.02	1.1104	1.0454
New Mexico	90.34	.9181	1.0300
New York	114.82	1.1257	1.0014
North Carolina	92.91	.9399	1.0033
North Dakota	89.19	.9084	.9907
Ohio	102.06	1.0174	1.0015
Oklahoma	86.60	.8864	1.0098
Oregon	100.42	1.0036	.9772

(continued)

State	State teacher cost index[a]	Adjusted state teacher cost index[b]	State need index
Pennsylvania	105.97	1.0506	.9931
Rhode Island	110.76	1.0912	1.0324
South Carolina	90.00	.9152	1.0043
South Dakota	87.08	.8904	.9879
Tennessee	90.29	.9176	1.0140
Texas	92.66	.9377	.9992
Utah	96.58	.9710	.9862
Vermont	101.42	1.0120	.9836
Virginia	95.96	.9658	.9960
Washington	105.84	1.0496	.9786
West Virginia	86.01	.8813	1.0393
Wisconsin	98.76	.9895	.9937
Wyoming	87.99	.8981	.9848

[a] This state index has been rounded to two decimal places. See Jay Chambers and William Fowler, Public School Teacher Cost Differences Across the United States, Department of Education, NCES, Analysis/Methodology Report, No. 95-758 (Washington, D.C.: Oct. 1995).

[b] We have adjusted the state index to make 1.00 the average for the nation rather than 100 and to reflect differences in teacher costs that represent only 84.8 percent of current education expenditures.

Funding Gaps, State Equalization Effort, and Relative Local Tax Effort

After calculating the state equalization effort, a measure that accounts for the combined effects of state targeting and state share in state equalization policies, we used it together with relative local tax effort to explain cross-state variation in funding gaps. In equation V.4, the dependent variable was the state fiscal neutrality scores reported in table III.1; the two independent variables were the state equalization efforts, reported in table V.8 and the elasticity of local tax effort reported in table III.6.

Equation V.4

$$\text{Fiscal Neutrality Score} = \beta_0 + \beta_1 \left(\begin{array}{c} \text{State} \\ \text{Equalization Effort} \end{array} \right) + \beta_1 \left(\begin{array}{c} \text{Elasticity of} \\ \text{Local Tax Effort} \end{array} \right) + \epsilon$$

The results of this analysis showed that the two factors accounted for 63 percent of the variation in the funding gaps.[92] The elasticity of local tax effort accounted for more of the variation in funding gaps than did state equalization efforts (see table V.12).

Table V.12: Regression Results (N = 49)

Factor	Regression coefficient	Beta coefficient	t statistic
State equalization effort	-.4457	-.4340	-4.890
Elasticity of local tax effort	.2687	.6178	6.962

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[92] The adjusted R square for the analysis was .6293.

Appendix VI

Guide to State Profiles

Appendixes VII through LV contain profiles for 49 states. Each profile provides the critical data resulting from our analysis of state school finance policies. In addition, each profile provides information in tabular and graphic form on (1) the actual distribution of state and local funding to regular school districts in school year 1991-92 and (2) how the funding would have been distributed if the state share of total funding had remained the same and the targeting of state funding had been changed so that districts could spend the state average of total funding on each student with an average tax effort. All funding data in the profiles were adjusted for differences in geographic cost and student need within the state. The profiles show averages for districts within the state in five groups according to increasing income per pupil based on student population.[93] For example, the poorest group of districts typically contains about 20 percent of a state's student population and has the lowest incomes per pupil.

In the stacked bar graphs (the first two figures in each profile), the height of the bars shows how state funding that has been adjusted for cost and need is equalized among districts. If the state fully equalized funding, all the bars are the same height. To assess the targeting of state funds, examine the shaded area within each bar, which represents the state's share of total funding. Where state funding was targeted to poor districts, the shaded portion is highest for the poorest districts and becomes smaller as the per pupil income of a district increases.

The first figure in each profile shows how total funding per weighted pupil changed as district income per pupil increased. Typically, the local funding increased with increasing per pupil income, often at a faster rate than the decline in state funding. Thus, total funding typically was greatest for the wealthiest districts.

The second figure in each profile shows how state and local funding would have been distributed if all districts could have spent the average total funding per weighted pupil (the total funding level is the same across all groups) with an average tax effort. This figure assumes that the state optimized its targeting effort without changing the state share or the total funding for education.

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[93] Each of the five groups typically had about the same student population. In some states, however, the groups may have had large differences in the number of students because districts cannot be divided into smaller units. Nevada's districts were divided into four groups because of the distribution of the student population.

The third figure in each profile compares the state funding in the first figure with the state funding in the second figure. The third figure illustrates which groups of districts would have received more or less than what they needed if the state had targeted its funds so that each district could have spent the state average of total funding on each student with an average tax effort.

The data used in each of the figures appear in tables in each profile. The numbers in the tables may not add due to rounding.

Data used in the profiles were based mainly on the Department of Education's Common Core of Data (CCD) for school districts for the 1991-92 school year. In some cases, we obtained data directly from state education offices, and we imputed income and cost data for a district when the data were missing from the source. Income per pupil data were adjusted for differences in cost within a state. Funding per pupil data were adjusted for differences in student need and geographic costs within a state. Funding data included all state and local revenue for all purposes, including maintenance and operations, transportation, and capital expenditures and debt service.[94]

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[94] Because the CCD does not report separate data on local funding at the district level devoted to capital expenditures and debt service, we could not exclude these funding categories from our analysis.

State Profile: Alabama

Actual Education Funding Distribution in School Year 1991-92

As table VII.1 shows, in school year 1991-92, the state provided about 70 percent of the total funding to Alabama's school districts. Total funding (state and local funds combined) per weighted pupil in Alabama averaged $3,277 with an implicit foundation level of $2,287 for each student, which is about 70 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[95] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .290, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) An Alabama education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table VII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table VII.1: Summary Data for Alabama in School Year 1991-92

Average total funding per weighted pupil[a]	$3,277
State share of total funding (percent)	69.8
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$2,287
Equalization effort[d]	69.8
Fiscal neutrality score[e]	.290

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .020, which is not statistically different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[95] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

Table VII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	128	48	30	16	15	19
Total pupils	719,789	140,612	149,556	165,837	115,330	148,454
Poverty rate (percent)	23.8	34.1	20.7	27.5	15.2	19.8
Disabled rate (percent)	13.5	12.4	14.1	14.1	14.3	12.8
Per pupil income	$63,313	$43,762	$54,973	$61,497	$66,632	$89,685
Tax effort[a]	$15.52	$17.41	$13.56	$13.94	$16.25	$16.76

[a] Local funding raised for every $1,000 of district income.

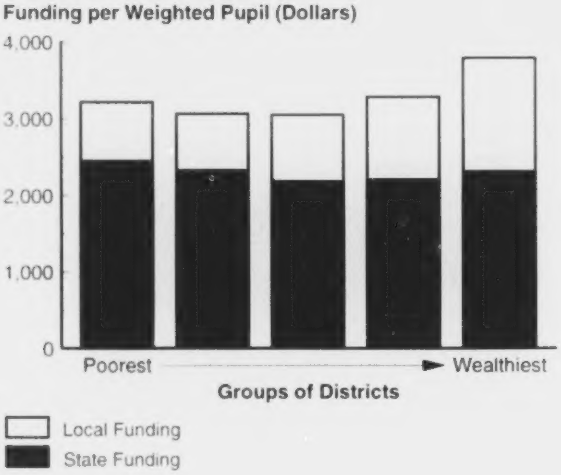
Table VII.3 presents data on how state and local funding was distributed among the five groups of Alabama districts. Alabama's equalization policies reduced the funding disparity between the poor and wealthy groups from about 93 percent to about 18 percent. Figure VII.1 provides table information in graphic form.

Table VII.3: State and Local Funding Distribution in Alabama, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State mean	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$989	$766	$746	$868	$1,077	$1,482	1.93
State	2,287	2,447	2,326	2,185	2,208	2,313	0.95
Total	**$3,277**	**$3,213**	**$3,072**	**$3,053**	**$3,285**	**$3,795**	**1.18**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure VII.1: State and Local Funding Distribution in Alabama, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table VII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure VII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure VII.3.

Table VII.4: How State and Local Funding Would Have Been Distributed If Each District in Alabama Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State mean	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$993	$682	$860	$950	$1,048	$1,428	2.09
State	2,284	2,594	2,417	2,327	2,229	1,849	0.71
Total[c]	**$3,277**	**$3,277**	**$3,277**	**$3,277**	**$3,277**	**$3,277**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure VII.2: How State and Local Funding Would Have Been Distributed If Each District in Alabama Could Have Spent the Average, School Year 1991-92

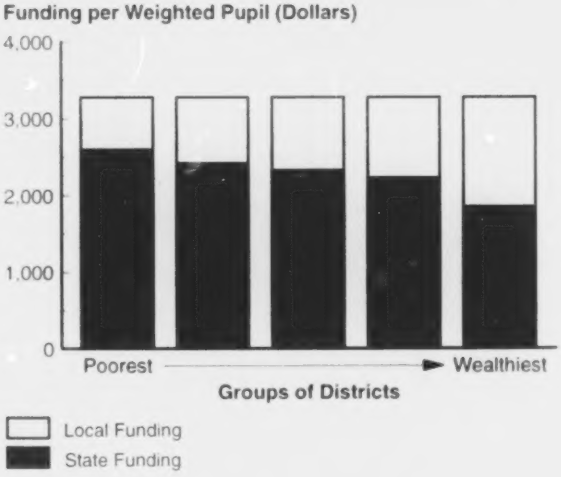
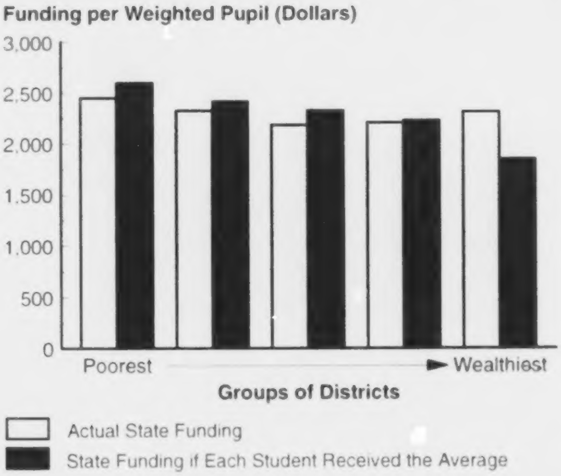


Figure VII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Alabama Could Have Spent the Average, School Year 1991-92



State Profile: Alaska

Actual Education Funding Distribution in School Year 1991-92

As table VIII.1 shows, in school year 1991-92, the state provided about 76 percent of the total funding to Alaska's school districts. Total funding (state and local funds combined) per weighted pupil in Alaska averaged $8,030 with an implicit foundation level of $6,137 for each student, which is about 76 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[96] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was –.272, indicating that total funding increased as district income decreased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table VIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table VIII.1: Summary Data for Alaska in School Year 1991-92

Average total funding per weighted pupil[a]	$8,030
State share of total funding (percent)	76.4
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$6,137
Equalization effort[d]	76.4
Fiscal neutrality score[e]	–.272

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .068, which is not statistically different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[96] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

Table VIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	52	20	12	8	1[a]	11
Total pupils	117,331	23,505	30,666	8,889	44,749	9,522
Poverty rate (percent)	11.2	21.4	9.2	7.2	9.2	6.0
Disabled rate (percent)	13.5	15.4	13.5	12.2	12.9	13.3
Per pupil income	$83,220	$40,791	$75,327	$93,327	$102,123	$115,112
Tax effort[b]	$22.99	$30.25	$34.75	$25.80	$16.00	$19.47

[a] Anchorage was the only district in this group.

[b] Local funding raised for every $1,000 of district income.

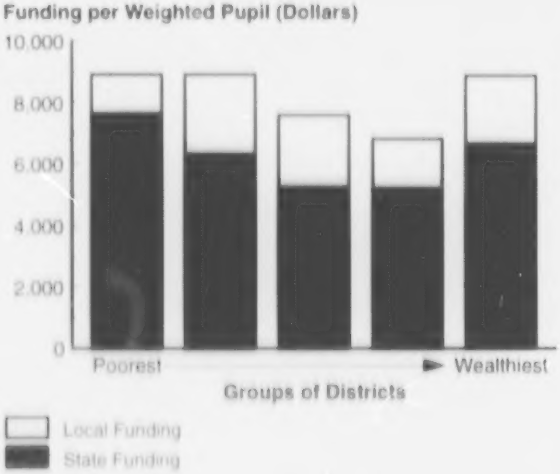
Table VIII.3 presents data on how state and local funding was distributed among the five groups of Alaska districts. Alaska's equalization policies essentially eliminated the funding disparity between the poor and wealthy groups. Figure VIII.1 provides table information in graphic form.

Table VIII.3: State and Local Funding Distribution in Alaska, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local	$1,893	$1,279	$2,608	$2,358	$1,617	$2,217	1.73
State	6,137	7,633	6,307	5,239	5,210	6,660	0.87
Total	**$8,030**	**$8,912**	**$8,915**	**$7,598**	**$6,828**	**$8,877**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure VIII.1: State and Local Funding Distribution in Alaska, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table VIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure VIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure VIII.3.

Table VIII.4: How State and Local Funding Would Have Been Distributed If Each District in Alaska Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	**Funding of wealthiest group compared with poorest group[a]**
Local[b]	$1,906	$907	$1,721	$2,171	2,347	$2,652	2.92
State	6,123	7,123	6,309	5,859	5,683	5,378	0.76
Total[c]	**$8,030**	**$8,030**	**$8,030**	**$8,030**	**$8,030**	**$8,030**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure VIII.2: How State and Local Funding Would Have Been Distributed If Each District in Alaska Could Have Spent the Average, School Year 1991-92

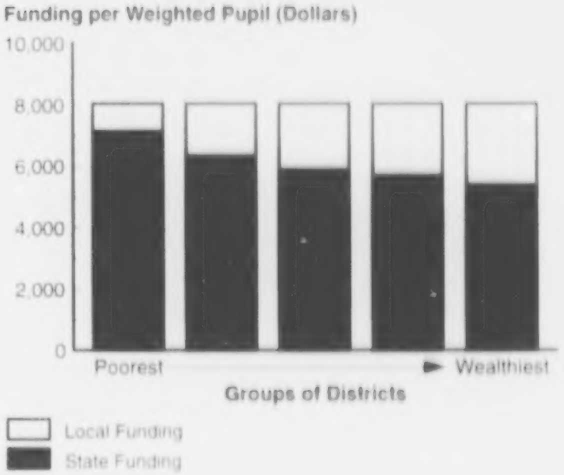
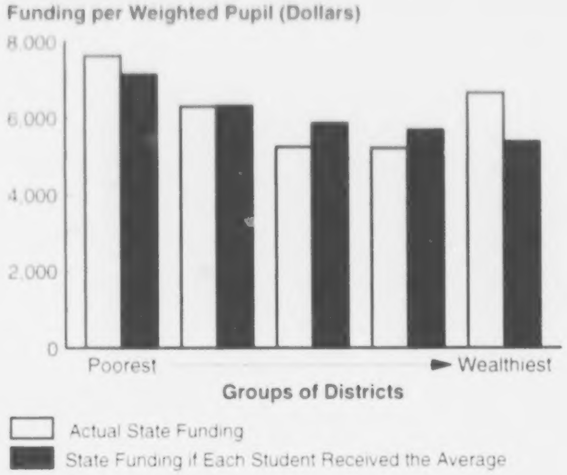


Figure VIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Alaska Could Have Spent the Average, School Year 1991-92



State Profile: Arizona

Actual Education Funding Distribution in School Year 1991-92

As table IX.1 shows, in school year 1991-92, the state provided about 47 percent of the total funding to Arizona's school districts. Total funding (state and local funds combined) per weighted pupil in Arizona averaged $4,507 with an implicit foundation level of $2,598 for each student, which is about 58 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.232, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .141, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table IX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table IX.1: Summary Data for Arizona in School Year 1991-92

Average total funding per weighted pupil[a]	$4,507
State share of total funding (percent)	46.8
Targeting score (state funds)[b]	–.232
Implicit foundation level[c]	$2,598
Equalization effort[d]	57.7
Fiscal neutrality score[e]	.141

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table IX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	193	78	32	27	17	39
Total pupils	647,354	130,672	122,347	134,103	140,306	119,926
Poverty rate (percent)	21.0	36.6	19.1	15.7	17.7	15.6
Disabled rate (percent)	8.9	9.9	8.9	8.4	9.4	7.9
Per pupil income	$98,442	$34,011	$60,599	$74,605	$105,171	$226,036
Tax effort[a]	$24.35	$47.63	$29.86	$31.49	$20.89	$18.56

[a] Local funding raised for every $1,000 of district income.

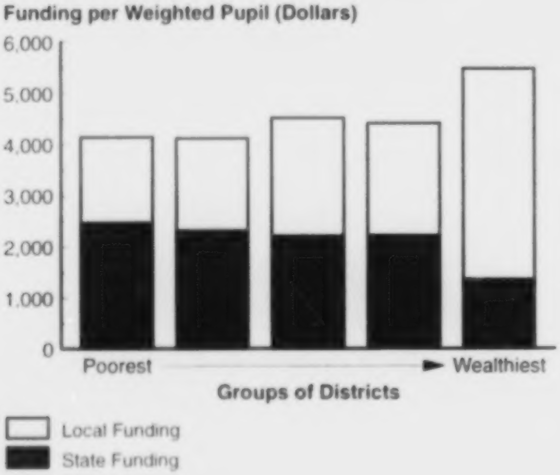
Table IX.3 presents data on how state and local funding was distributed among the five groups of Arizona districts. Arizona's equalization policies reduced the funding disparity between the wealthy and poor groups from about 144 percent to about 32 percent. Figure IX.1 provides table information in graphic form.

Table IX.3: State and Local Funding Distribution in Arizona, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,398	$1,681	$1,803	$2,314	$2,197	$4,108	2.44
State	2,109	2,465	2,312	2,205	2,216	1,365	0.55
Total	**$4,507**	**$4,146**	**$4,115**	**$4,520**	**$4,413**	**$5,473**	**1.32**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure IX.1: State and Local Funding Distribution in Arizona, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table IX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure IX.2 provides information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure IX.3.

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Table IX.4: How State and Local Funding Would Have Been Distributed If Each District in Arizona Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,424	$805	$1,484	$1,843	$2,561	$5,634	7.00
State	2,083	3,702	3,023	2,664	1,946	–1,127[c]	–0.30
Total[d]	**$4,507**	**$4,507**	**$4,507**	**$4,507**	**$4,507**	**$4,507**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure IX.2: How State and Local Funding Would Have Been Distributed If Each District in Arizona Could Have Spent the Average, School Year 1991-92

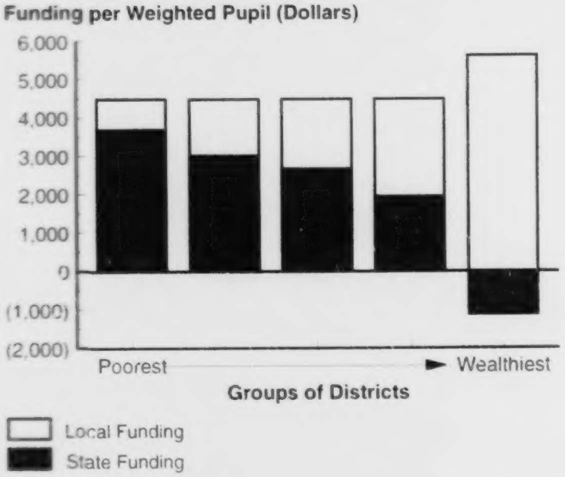
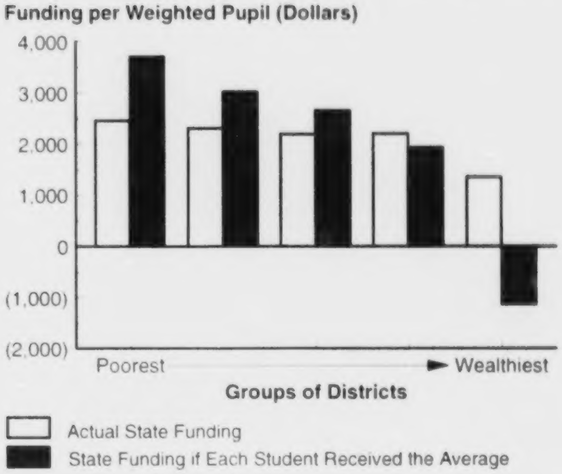


Figure IX.3: Comparison of Actual State Funding With State Funding Assuming Each District in Arizona Could Have Spent the Average, School Year 1991-92



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State Profile: Arkansas

Actual Education Funding Distribution in School Year 1991-92

As table X.1 shows, in school year 1991-92, the state provided about 65 percent of the total funding to Arkansas's school districts. Total funding (state and local funds combined) per weighted pupil in Arkansas averaged $3,784 with an implicit foundation level of $3,289 for each student, which is about 87 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.328, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .220, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table X.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table X.1: Summary Data for Arkansas in School Year 1991-92

Average total funding per weighted pupil[a]	$3,784
State share of total funding (percent)	65.4
Targeting score (state funds)[b]	-.328
Implicit foundation level[c]	$3,289
Equalization effort[d]	86.9
Fiscal neutrality score[e]	.220

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table X.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	316	105	69	75	39	28
Total pupils	430,420	86,533	84,141	86,293	86,708	86,745
Poverty rate (percent)	24.6	33.8	26	24.3	17.8	21.1
Disabled rate (percent)	9.7	10.6	9.8	10.1	9.2	9.0
Per pupil income	$55,895	$36,020	$45,048	$51,705	$61,445	$84,862
Tax effort[a]	$23.40	$26.81	$22.31	$20.85	$22.45	$25.04

[a] Local funding raised for every $1,000 of district income.

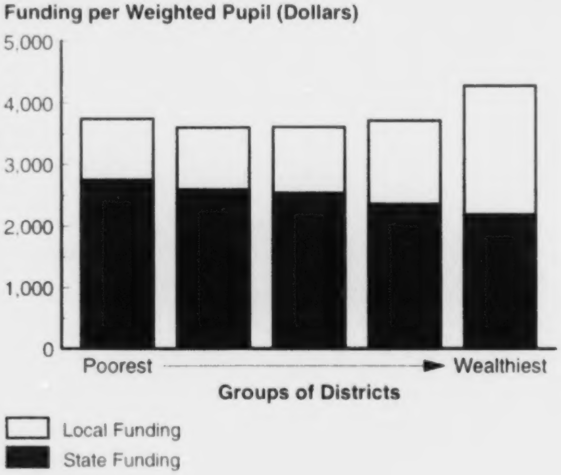
Table X.3 presents data on how state and local funding was distributed among the five groups of Arkansas districts. Arkansas' equalization policies reduced the funding disparity between the wealthy and poor groups from about 111 percent to about 14 percent. Figure X.1 provides table information in graphic form.

Table X.3: State and Local Funding Distribution in Arkansas, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,308	$990	$1,008	$1,082	$1,355	$2,094	2.11
State	2,476	2,756	2,594	2,531	2,362	2,188	0.79
Total	**$3,784**	**$3,747**	**$3,602**	**$3,613**	**$3,717**	**$4,282**	**1.14**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure X.1: State and Local Funding Distribution in Arkansas, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table X.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure X.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure X.3.

Table X.4: How State and Local Funding Would Have Been Distributed If Each District in Arkansas Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,315	$824	$1,052	$1,207	$1,465	$2,020	2.45
State	2,469	2,960	2,732	2,577	2,319	1,764	0.60
Total[c]	**$3,784**	**$3,784**	**$3,784**	**$3,784**	**$3,784**	**$3,784**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure X.2: How State and Local Funding Would Have Been Distributed If Each District in Arkansas Could Have Spent the Average, School Year 1991-92

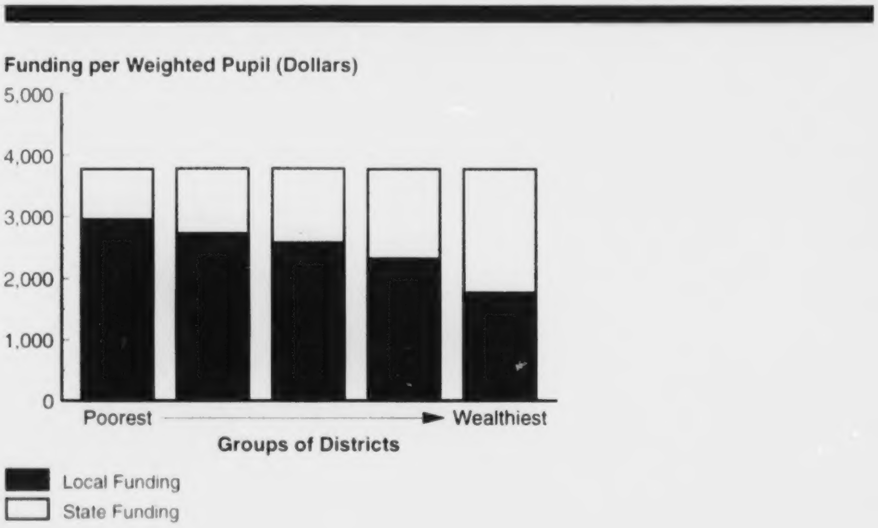
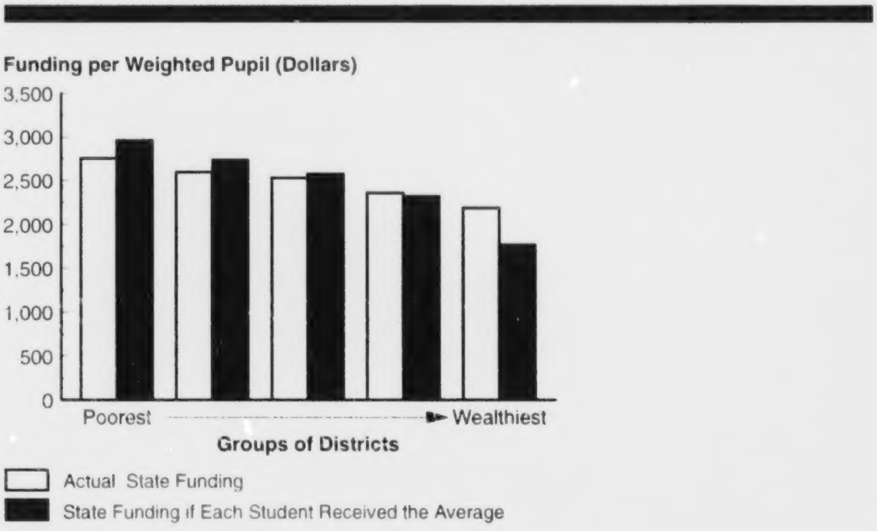


Figure X.3: Comparison of Actual State Funding With State Funding Assuming Each District in Arkansas Could Have Spent the Average, School Year 1991-92



State Profile: California

Actual Education Funding Distribution in School Year 1991-92

As table XI.1 shows, in school year 1991-92, the state provided about 69 percent of the total funding to California's school districts. Total funding (state and local funds combined) per weighted pupil in California averaged $4,543 with an implicit foundation level of $3,504 for each student, which is about 77 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.119, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .073, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XI.1: Summary Data for California in School Year 1991-92

Average total funding per weighted pupil[a]	$4,543
State share of total funding (percent)	68.9
Targeting score (state funds)[b]	–.119
Implicit foundation level[c]	$3,504
Equalization effort[d]	77.1
Fiscal neutrality score[e]	.073

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**
Total districts	971	263	192	69	144	303
Total pupils	4,978,164	995,837	996,457	996,425	996,127	993,318
Poverty rate (percent)	18.4	26.1	17.1	23.7	14.0	11.2
Disabled rate (percent)	8.8	8.2	8.8	9.0	9.2	8.7
Per pupil income	$121,872	$49,081	$76,553	$95,830	$122,991	$265,332
Tax effort[a]	$11.79	$18.65	$15.48	$9.97	$13.60	$9.35

[a] Local funding raised for every $1,000 of district income.

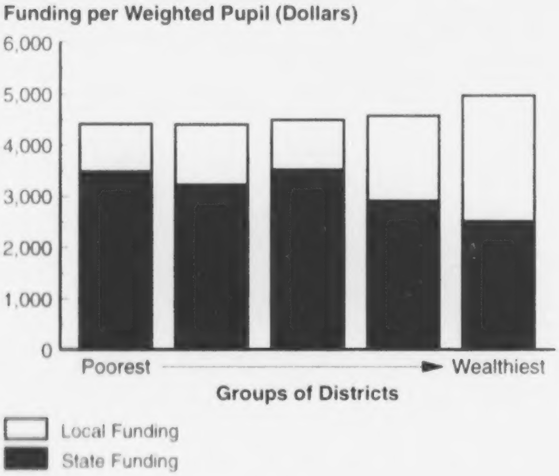
Table XI.3 presents data on how state and local funding was distributed among the five groups of California districts. California's equalization policies reduced the funding disparity between the wealthy and poor groups from about 166 percent to about 13 percent. Figure XI.1 provides table information in graphic form.

Table XI.3: State and Local Funding Distribution in California, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local	$1,411	$921	$1,182	$967	$1,668	$2,448	2.66
State	3,131	3,486	3,221	3,525	2,906	2,518	0.72
Total	**$4,543**	**$4,407**	**$4,404**	**$4,492**	**$4,574**	**$4,965**	**1.13**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XI.1: State and Local Funding Distribution in California, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XI.3.

Table XI.4: How State and Local Funding Would Have Been Distributed If Each District in California Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local[b]	$1,421	$564	$889	$1,098	$1,430	$3,312	5.56
State	3,121	3,979	3,654	3,445	3,113	1,411	0.35
Total[c]	**$4,543**	**$4,543**	**$4,543**	**$4,543**	**$4,543**	**$4,543**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XI.2: How State and Local Funding Would Have Been Distributed If Each District in California Could Have Spent the Average, School Year 1991-92

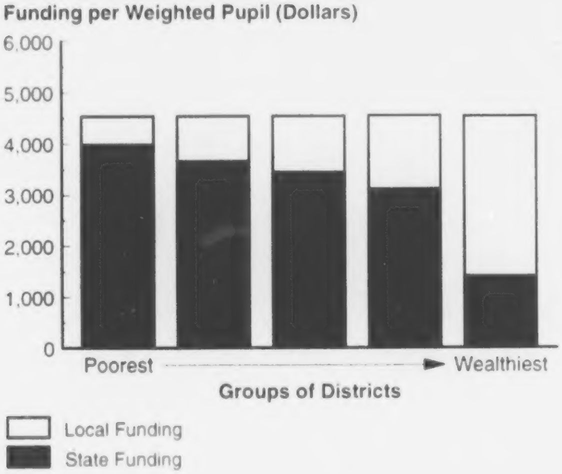
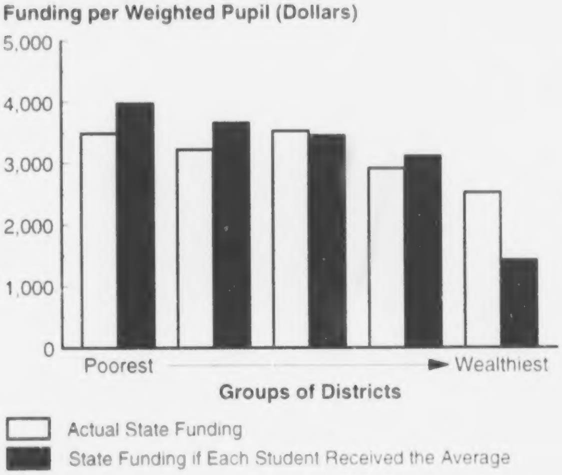


Figure XI.3: Comparison of Actual State Funding With State Funding Assuming Each District in California Could Have Spent the Average, School Year 1991-92



State Profile: Colorado

Actual Education Funding Distribution in School Year 1991-92

As table XII.1 shows, in school year 1991-92, the state provided about 44 percent of the total funding to Colorado's school districts. Total funding (state and local funds combined) per weighted pupil in Colorado averaged $5,047 with an implicit foundation level of $3,847 for each student, which is about 76 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.753, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .154, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Colorado education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XII.1: Summary Data for Colorado in School Year 1991-92

Average total funding per weighted pupil[a]	$5,047
State share of total funding (percent)	43.5
Targeting score (state funds)[b]	–.753
Implicit foundation level[c]	$3,847
Equalization effort[d]	76.2
Fiscal neutrality score[e]	.154

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XII.2: Demographic Context in School Year 1991-92

	State	Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Total districts	174	101	31	23	8	11
Total pupils	592,435	118,643	111,334	134,003	118,013	110,442
Poverty rate (percent)	14.8	20.8	17.4	11.3	6.7	18.7
Disabled rate (percent)	9.6	9.7	11.0	8.9	8.5	10.1
Per pupil income	$81,879	$51,188	$65,989	$78,606	$96,107	$119,635
Tax effort[a]	$34.97	$47.93	$31.11	$36.25	$31.40	$33.29

[a] Local funding raised for every $1,000 of district income.

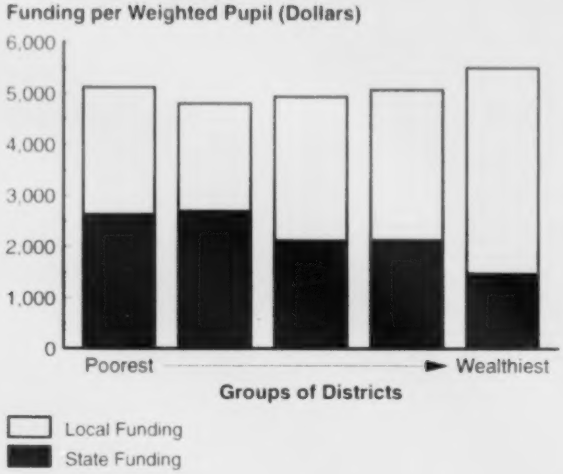
Table XII.3 presents data on how state and local funding was distributed among the five groups of Colorado districts. Colorado's equalization policies reduced the funding disparity between the wealthy and poor groups from about 63 percent to about 8 percent. Figure XII.1 provides table information in graphic form.

Table XII.3: State and Local Funding Distribution in Colorado, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
Funding source	State	Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5	
Local	$2,853	$2,481	$2,095	$2,810	$2,939	$4,031	1.63
State	2,194	2,629	2,700	2,120	2,127	1,470	0.56
Total	**$5,047**	**$5,109**	**$4,794**	**$4,930**	**$5,066**	**$5,501**	**1.08**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XII.1: State and Local Funding Distribution in Colorado, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XII.3.

Table XII.4: How State and Local Funding Would Have Been Distributed If Each District in Colorado Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,861	$1,768	$2,260	$2,776	$3,439	$4,127	2.33
State	2,186	3,279	2,787	2,271	1,608	921	0.28
Total[c]	**$5,047**	**$5,047**	**$5,047**	**$5,047**	**$5,047**	**$5,047**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XII.2: How State and Local Funding Would Have Been Distributed If Each District in Colorado Could Have Spent the Average, School Year 1991-92

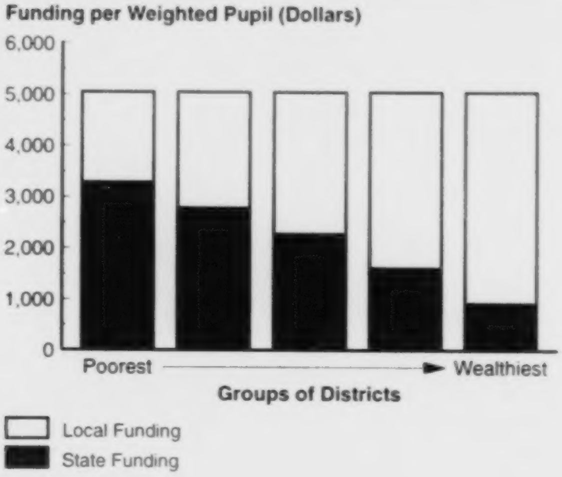
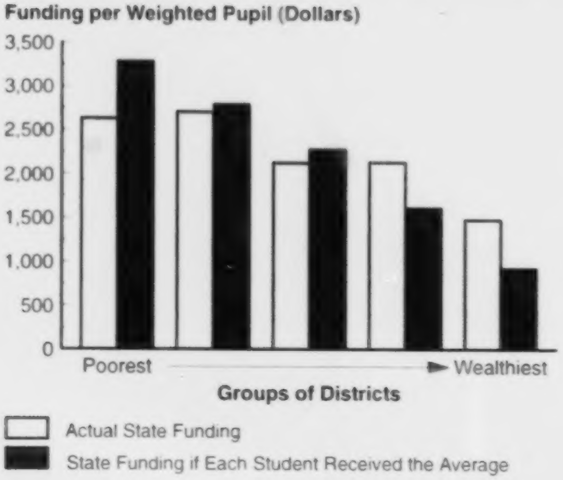


Figure XII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Colorado Could Have Spent the Average, School Year 1991-92



State Profile: Connecticut

Actual Education Funding Distribution in School Year 1991-92

As table XIII.1 shows, in school year 1991-92, the state provided about 39 percent of the total funding to Connecticut's school districts. Total funding (state and local funds combined) per weighted pupil in Connecticut averaged $8,221 with an implicit foundation level of $4,556 for each student, which is about 55 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.430, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .241, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Connecticut education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XIII.1: Summary Data for Connecticut in School Year 1991-92

Average total funding per weighted pupil[a]	$8,221
State share of total funding (percent)	38.8
Targeting score (state funds)[b]	-.430
Implicit foundation level[c]	$4,556
Equalization effort[d]	55.4
Fiscal neutrality score[e]	.241

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	159	16	27	28	42	46
Total pupils	462,403	92,149	92,783	91,748	92,447	93,276
Poverty rate (percent)	10.4	27.7	7.8	7.6	4.0	5.0
Disabled rate (percent)	12.8	13.7	13.4	12.0	12.8	12.0
Per pupil income	$148,273	$82,380	$114,150	$130,956	$155,668	$257,018
Tax effort[a]	$34.29	$29.69	$32.40	$35.61	$39.26	$33.59

[a] Local funding raised for every $1,000 of district income.

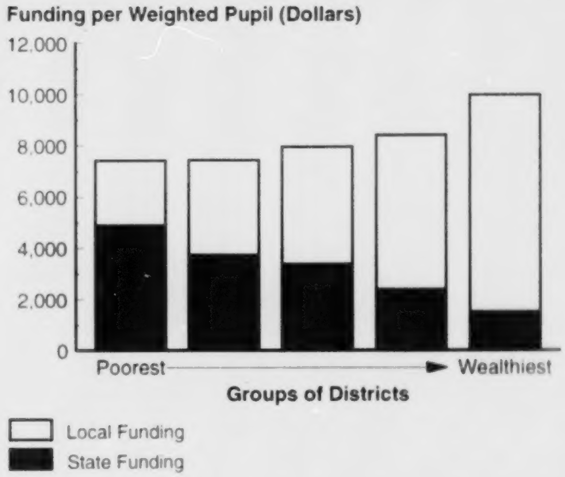
Table XIII.3 presents data on how state and local funding was distributed among the five groups of Connecticut districts. Connecticut's equalization policies reduced the funding disparity between the wealthy and poor groups from 234 percent to about 34 percent. Figure XIII.1 provides table information in graphic form.

Table XIII.3: State and Local Funding Distribution in Connecticut, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$5,035	$2,540	$3,707	$4,602	$6,047	$8,486	3.34
State	3,186	4,885	3,739	3,367	2,388	1,500	0.31
Total	**$8,221**	**$7,426**	**$7,446**	**$7,969**	**$8,435**	**$9,985**	**1.34**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XIII.1: State and Local Funding Distribution in Connecticut, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XIII.3.

Table XIII.4: How State and Local Funding Would Have Been Distributed If Each District in Connecticut Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local[b]	$5,072	$2,710	$3,870	$4,510	$5,347	$8,880	3.28
State	3,149	5,511	4,351	3,711	2,874	–659[c]	–0.12
Total[d]	**$8,221**	**$8,221**	**$8,221**	**$8,221**	**$8,221**	**$8,221**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XIII.2: How State and Local Funding Would Have Been Distributed If Each District in Connecticut Could Have Spent the Average, School Year 1991-92

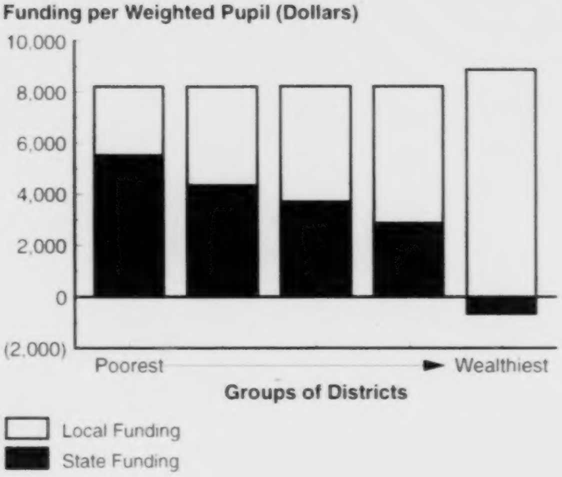
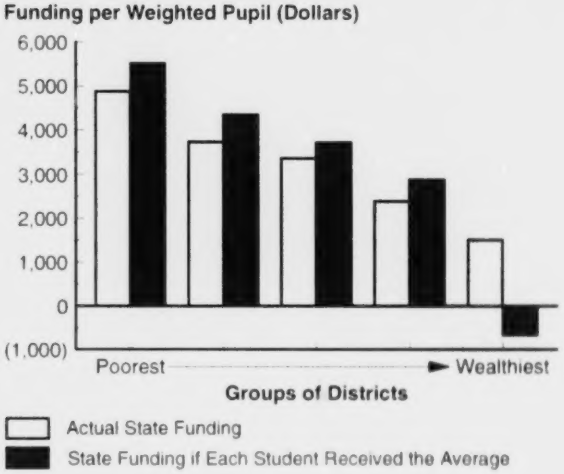


Figure XIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Connecticut Could Have Spent the Average, School Year 1991-92



State Profile: Delaware

Actual Education Funding Distribution in School Year 1991-92

As table XIV.1 shows, in school year 1991-92, the state provided about 70 percent of the total funding to Delaware's school districts. Total funding (state and local funds combined) per weighted pupil in Delaware averaged $5,576 with an implicit foundation level of $4,190 for each student, which is about 75 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.070, indicating that state education funds were targeted to poor districts.[97] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .072, indicating that total funding increased as district income increased.[98] (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XIV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XIV.1: Summary Data for Delaware in School Year 1991-92

Average total funding per weighted pupil[a]	$5,576
State share of total funding (percent)	70.2
Targeting score (state funds)[b]	–.070
Implicit foundation level[c]	$4,190
Equalization effort[d]	75.1
Fiscal neutrality score[e]	.072

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[97] However, this score is not significantly different from 0.

[98] See footnote 97.

Table XIV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	16	5	5	3	2	1[a]
Total pupils	97,986	17,221	22,073	14,423	29,809	14,460
Poverty rate (percent)	12.2	16.5	15.2	10.4	10.0	9.2
Disabled rate (percent)	10.6	10.5	11.5	11.0	10.4	9.6
Per pupil income	$106,718	$64,681	$77,905	$89,875	$125,350	$179,156
Tax effort[b]	$15.44	$12.92	$14.95	$19.33	$17.42	$12.21

[a] Wilmington was the only district in this group.

[b] Local funding raised for every $1,000 of district income.

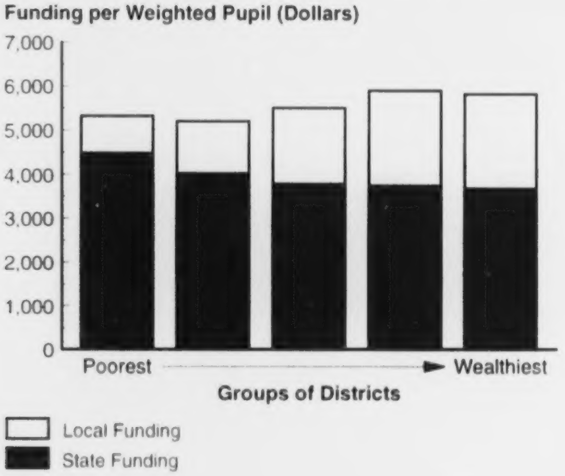
Table XIV.3 presents data on how state and local funding was distributed among the five groups of Delaware districts. Delaware's equalization policies reduced the funding disparity between the wealthy and poor groups from about 156 percent to about 9 percent. Figure XIV.1 provides table information in graphic form.

Table XIV.3: State and Local Funding Distribution in Delaware, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,660	$840	$1,182	$1,739	$2,170	$2,149	2.56
State	3,916	4,476	4,022	3,773	3,732	3,668	0.82
Total	**$5,576**	**$5,316**	**$5,204**	**$5,512**	**$5,903**	**$5,817**	**1.09**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XIV.1: State and Local Funding Distribution in Delaware, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XIV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XIV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XIV.3.

Table XIV.4: How State and Local Funding Would Have Been Distributed If Each District in Delaware Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,668	$1,001	$1,197	$1,397	$1,966	$2,835	2.83
State	3,908	4,575	4,379	4,179	3,610	2,741	0.60
Total[c]	**$5,576**	**$5,576**	**$5,576**	**$5,576**	**$5,576**	**$5,576**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XIV.2: How State and Local Funding Would Have Been Distributed If Each District in Delaware Could Have Spent the Average, School Year 1991-92

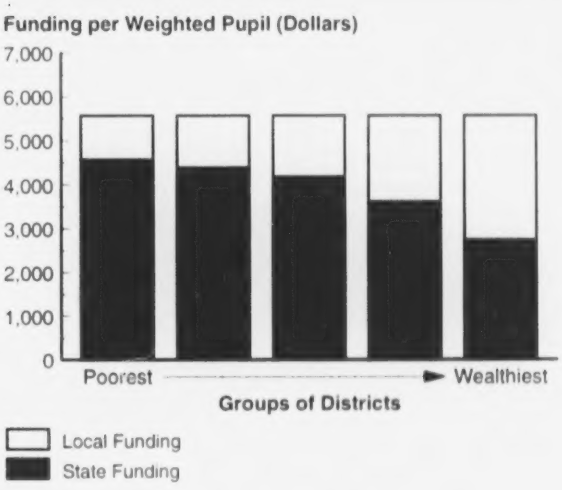
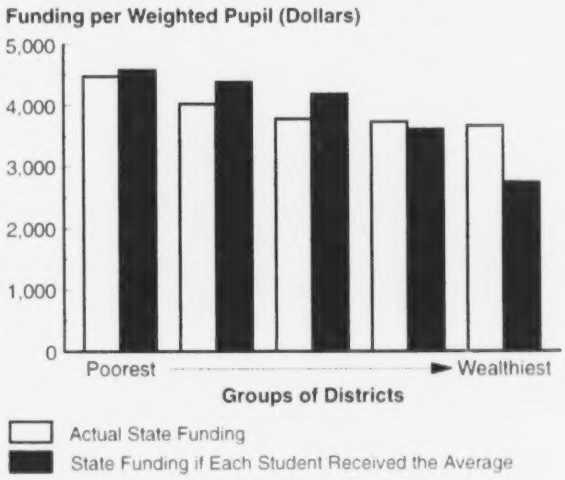


Figure XIV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Delaware Could Have Spent the Average, School Year 1991-92



State Profile: Florida

Actual Education Funding Distribution in School Year 1991-92

As table XV.1 shows, in school year 1991-92, the state provided 53 percent of the total funding to Florida's school districts. Total funding (state and local funds combined) per weighted pupil in Florida averaged $5,555 with an implicit foundation level of $4,759 for each student, which is about 86 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.615, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .239, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XV.1: Summary Data for Florida in School Year 1991-92

Average total funding per weighted pupil[a]	$5,555
State share of total funding (percent)	53.0
Targeting score (state funds)[b]	–.615
Implicit foundation level[c]	$4,759
Equalization effort[d]	85.7
Fiscal neutrality score[e]	.239

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	67	38	3	7	10	9
Total pupils	1,929,239	380,985	433,922	350,723	415,513	348,096
Poverty rate (percent)	18.6	21.9	22.6	18.5	14.7	14.9
Disabled rate (percent)	11.9	12.1	10.9	12.0	11.8	13.2
Per pupil income	$98,373	$67,959	$81,583	$90,995	$109,511	$146,728
Tax effort[a]	$26.48	$22.60	$25.31	$27.03	$25.93	$29.37

[a] Local funding raised for every $1,000 of district income.

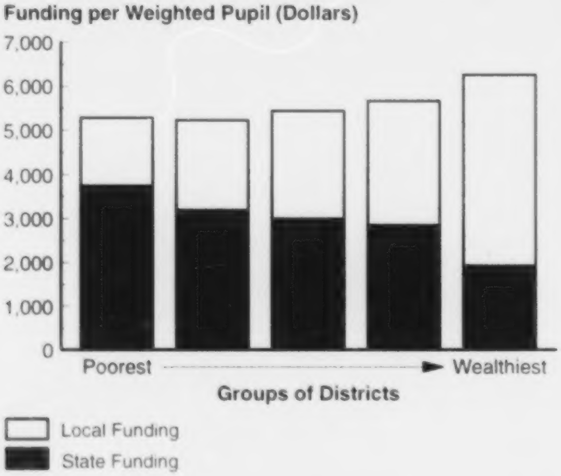
Table XV.3 presents data on how state and local funding was distributed among the five groups of Florida districts. Florida's equalization policies reduced the funding disparity between the wealthy and poor groups from about 181 percent to about 18 percent. Figure XV.1 provides table information in graphic form.

Table XV.3: State and Local Funding Distribution in Florida, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,609	$1,546	$2,057	$2,461	$2,815	$4,341	2.81
State	2,946	3,740	3,183	2,979	2,849	1,922	.51
Total	**$5,555**	**$5,286**	**$5,239**	**$5,440**	**$5,664**	**$6,264**	**1.18**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XV.1: State and Local Funding Distribution in Florida, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XV.3.

Table XV.4: How State and Local Funding Would Have Been Distributed If Each District in Florida Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,610	$1,793	$2,174	$2,413	$2,931	$3,861	2.15
State	2,946	3,762	3,382	3,143	2,624	1,694	0.45
Total[c]	**$5,555**	**$5,556**	**$5,556**	**$5,556**	**$5,556**	**$5,556**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XV.2: How State and Local Funding Would Have Been Distributed If Each District in Florida Could Have Spent the Average, School Year 1991-92

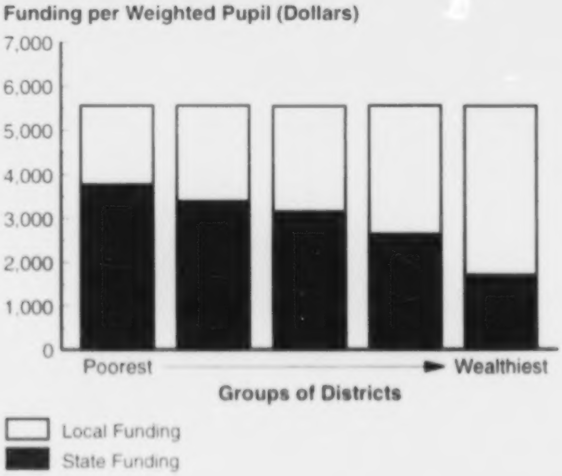
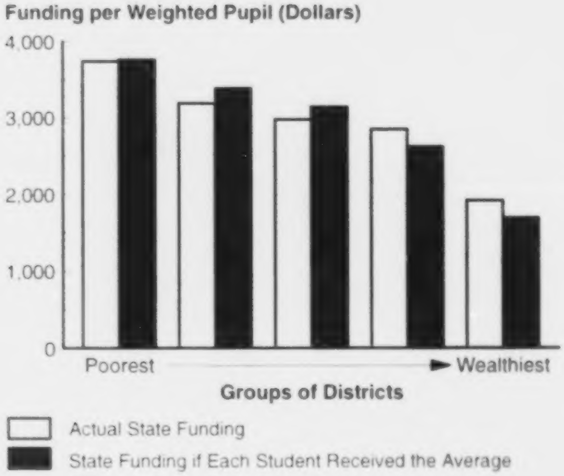


Figure XV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Florida Could Have Spent the Average, School Year 1991-92



State Profile: Georgia

Actual Education Funding Distribution in School Year 1991-92

As table XVI.1 shows, in school year 1991-92, the state provided about 55 percent of the total funding to Georgia's school districts. Total funding (state and local funds combined) per weighted pupil in Georgia averaged $4,324 with an implicit foundation level of $2,932 for each student, which is about 68 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.242, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .323, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XVI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XVI.1: Summary Data for Georgia in School Year 1991-92

Average total funding per weighted pupil[a]	$4,324
State share of total funding (percent)	54.6
Targeting score (state funds)[b]	-.242
Implicit foundation level[c]	$2,932
Equalization effort[d]	67.8
Fiscal neutrality score[e]	.323

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XVI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	183	75	56	20	19	13
Total pupils	1,177,358	234,753	227,823	244,138	252,333	218,311
Poverty rate (percent)	19.6	27.5	21.8	16.1	21.1	11.3
Disabled rate (percent)	9.0	9.4	10.1	8.7	8.1	8.9
Per pupil income	$73,340	$45,588	$60,087	$68,588	$84,522	$109,402
Tax effort[a]	$26.23	$23.12	$20.65	$28.29	$27.39	$28.83

[a] Local funding raised for every $1,000 of district income.

Table XVI.3 presents data on how state and local funding was distributed among the five groups of Georgia districts. Georgia's equalization policies reduced the funding disparity between the wealthy and poor groups from about 189 percent to about 30 percent. Figure XVI.1 provides table information in graphic form.

Table XVI.3: State and Local Funding Distribution in Georgia, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,962	$1,073	$1,261	$1,921	$2,296	$3,104	2.89
State	2,361	2,794	2,664	2,391	2,166	1,924	0.69
Total	**$4,324**	**$3,867**	**$3,924**	**$4,312**	**$4,462**	**$5,029**	**1.30**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

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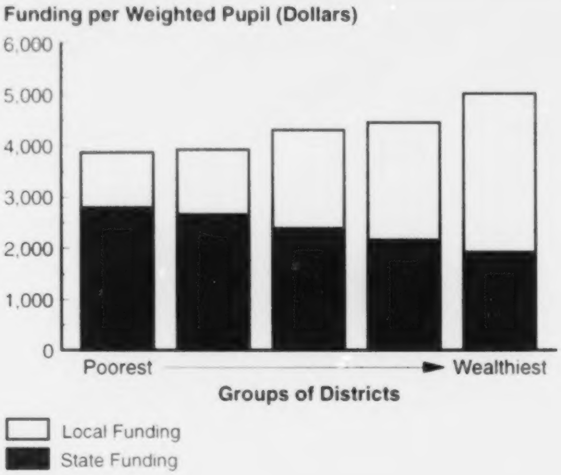
Figure XVI.1: State and Local Funding Distribution in Georgia, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XVI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XVI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XVI.3.

Table XVI.4: How State and Local Funding Would Have Been Distributed If Each District in Georgia Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,970	$1,198	$1,584	$1,854	$2,280	$2,974	2.48
State	2,354	3,126	2,740	2,469	2,044	1,350	0.43
Total[c]	**$4,324**	**$4,324**	**$4,324**	**$4,324**	**$4,324**	**$4,324**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XVI.2: How State and Local Funding Would Have Been Distributed If Each District in Georgia Could Have Spent the Average, School Year 1991-92

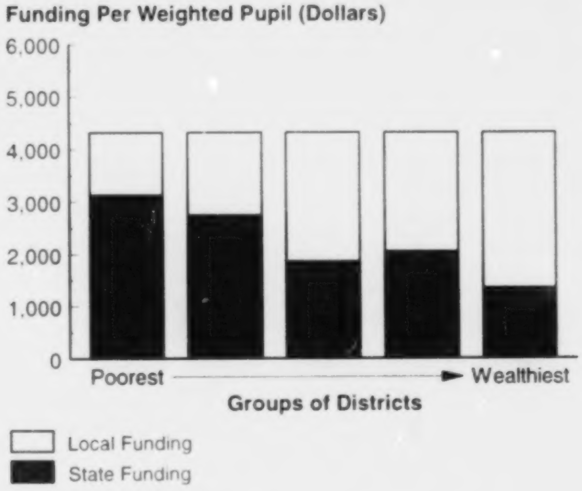
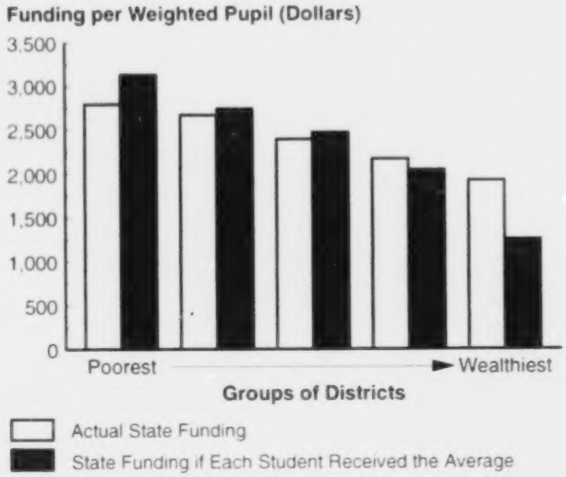


Figure XVI.3: Comparison of Actual State Funding With State Funding Assuming Each District in Georgia Could Have Spent the Average, School Year 1991-92



State Profile: Idaho

Actual Education Funding Distribution in School Year 1991-92

As table XVII.1 shows, in school year 1991-92, the state provided about 67 percent of the total funding to Idaho's school districts. Total funding (state and local funds combined) per weighted pupil in Idaho averaged $3,504 with an implicit foundation level of $2,654 for each student, which is about 76 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.130, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .247, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) An Idaho education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XVII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XVII.1: Summary Data for Idaho in School Year 1991-92

Average total funding per weighted pupil[a]	$3,504
State share of total funding (percent)	67.1
Targeting score (state funds)[b]	–.130
Implicit foundation level[c]	$2,654
Equalization effort[d]	75.7
Fiscal neutrality score[e]	.247

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XVII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	108	30	29	11	26	12
Total pupils	216,503	45,299	41,300	44,163	42,438	43,303
Poverty rate (percent)	15.8	16.1	19.1	16.0	14.2	13.5
Disabled rate (percent)	10.4	9.8	10.9	10.5	10.3	10.7
Per pupil income	$51,724	$30,589	$41,813	$50,172	$54,189	$82,453
Tax effort[a]	$22.34	$24.35	$21.51	$20.98	$19.18	$24.86

[a] Local funding raised for every $1,000 of district income.

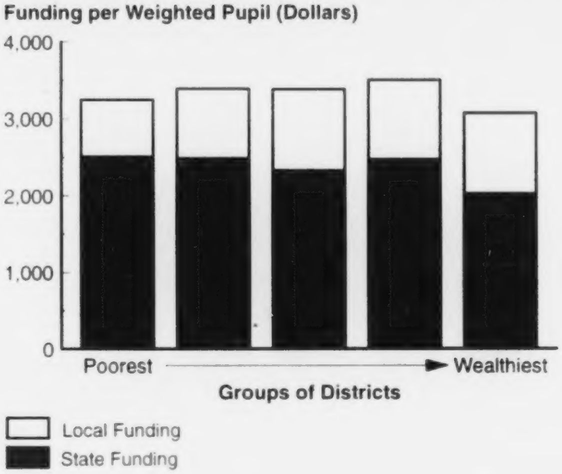
Table XVII.3 presents data on how state and local funding was distributed among the five groups of Idaho districts. Idaho's equalization policies reduced the funding disparity between the wealthy and poor groups from about 177 percent to about 26 percent. Figure XVII.1 provides table information in graphic form.

Table XVII.3: State and Local Funding Distribution in Idaho, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	Wealth funding compared with poor funding[a]
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local	$1,155	$740	$910	$1,054	$1,034	$2,048	2.77
State	2,350	2,506	2,485	2,327	2,467	2,027	0.81
Total	**$3,504**	**$3,246**	**$3,395**	**$3,381**	**$3,501**	**$4,075**	**1.26**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XVII.1: State and Local Funding Distribution in Idaho, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XVII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XVII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XVII.3.

Table XVII.4: How State and Local Funding Would Have Been Distributed If Each District in Idaho Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,155	$687	$923	$1,119	$1,215	$1,842	2.68
State	2,349	2,817	2,581	2,385	2,289	1,662	0.59
Total[c]	**$3,504**	**$3,504**	**$3,504**	**$3,504**	**$3,504**	**$3,504**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XVII.2: How State and Local Funding Would Have Been Distributed If Each District in Idaho Could Have Spent the Average, School Year 1991-92

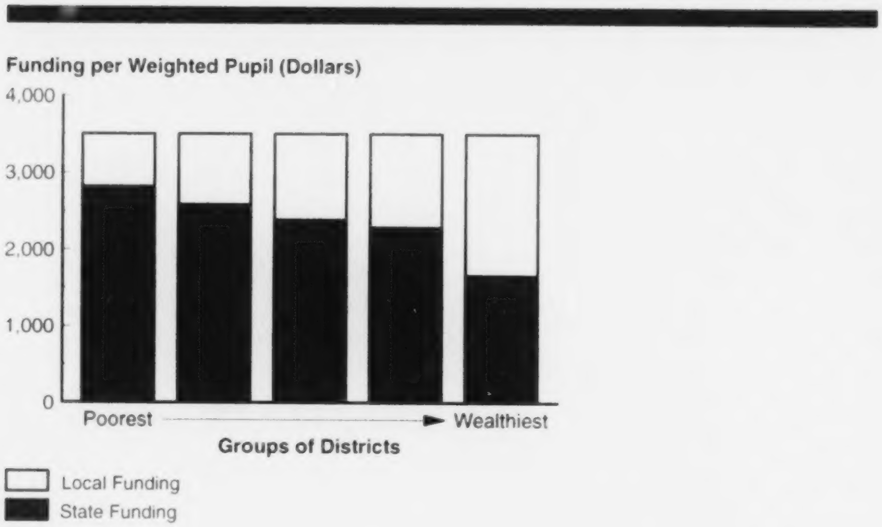
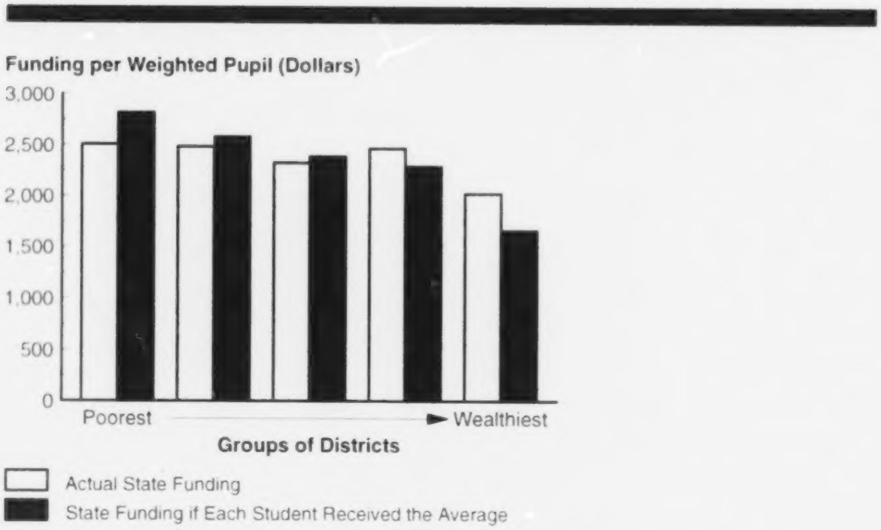


Figure XVII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Idaho Could Have Spent the Average, School Year 1991-92



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Appendix XVIII

State Profile: Illinois

Actual Education Funding Distribution in School Year 1991-92

As table XVIII.1 shows, in school year 1991-92, the state provided about 33 percent of the total funding to Illinois' school districts. Total funding (state and local funds combined) per weighted pupil in Illinois averaged $4,970 with an implicit foundation level of $2,031 for each student, which is about 41 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.230, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .338, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XVIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XVIII.1: Summary Data for Illinois in School Year 1991-92

Average total funding per weighted pupil[a]	$4,970
State share of total funding (percent)	33.2
Targeting score (state funds)[b]	–.230
Implicit foundation level[c]	$2,031
Equalization effort[d]	40.9
Fiscal neutrality score[e]	.338

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XVIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	934	256	16	219	211	232
Total pupils	1,821,061	301,035	426,836	361,247	367,907	364,036
Poverty rate (percent)	16.4	18.8	32.9	13.0	9.2	6.0
Disabled rate (percent)	13.0	14.1	11.0	13.8	14.1	12.7
Per pupil income	$134,121	$66,174	$78,601	$90,547	$124,521	$308,349
Tax effort[a]	$24.39	$29.09	$29.91	$27.57	$26.55	$20.38

[a] Local funding raised for every $1,000 of district income.

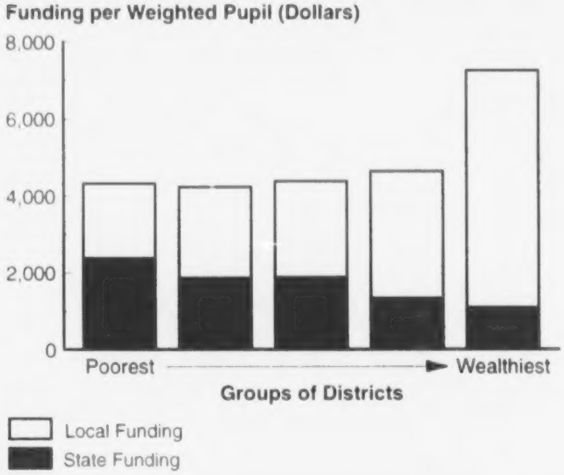
Table XVIII.3 presents data on how state and local funding was distributed among the five groups of Illinois districts. Illinois's equalization policies reduced the funding disparity between the wealthy and poor groups from about 215 percent to about 67 percent. Figure XVIII.1 provides table information in graphic form.

Table XVIII.3: State and Local Funding Distribution in Illinois, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local	$3,318	$1,955	$2,363	$2,504	$3,304	$6,153	3.15
State	1,652	2,375	1,867	1,881	1,331	1,097	0.46
Total	**$4,970**	**$4,330**	**$4,230**	**$4,384**	**$4,635**	**$7,249**	**1.67**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XVIII.1: State and Local Funding Distribution in Illinois, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XVIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XVIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XVIII.3.

Table XVIII.4: How State and Local Funding Would Have Been Distributed If Each District in Illinois Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	Funding of wealthiest group compared with poorest group[a]
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,358	$1,616	$1,935	$2,236	$3,088	$7,852	4.86
State	1,612	3,354	3,035	2,734	1,882	–2,882[c]	–0.86
Total[d]	**$4,970**	**$4,970**	**$4,970**	**$4,970**	**$4,970**	**$4,970**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XVIII.2: How State and Local Funding Would Have Been Distributed If Each District in Illinois Could Have Spent the Average, School Year 1991-92

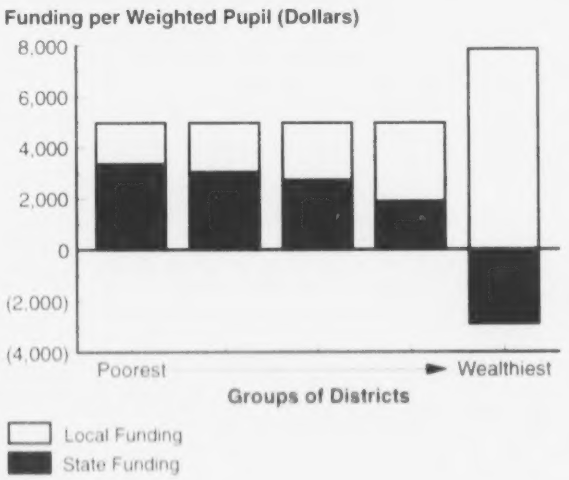
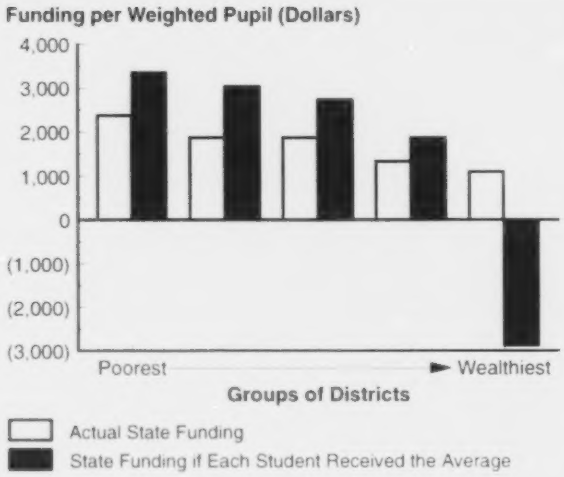


Figure XVIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Illinois Could Have Spent the Average, School Year 1991-92



Appendix XIX

State Profile: Indiana

Actual Education Funding Distribution in School Year 1991-92

As table XIX.1 shows, in school year 1991-92, the state provided about 54 percent of the total funding to Indiana's school districts. Total funding (state and local funds combined) per weighted pupil in Indiana averaged $4,993 with an implicit foundation level of $2,970 for each student, which is about 60 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.099, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .153, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) An Indiana education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XIX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XIX.1: Summary Data for Indiana in School Year 1991-92

Average total funding per weighted pupil[a]	$4,993
State share of total funding (percent)	54.1
Targeting score (state funds)[b]	-.099
Implicit foundation level[c]	$2,970
Equalization effort[d]	59.5
Fiscal neutrality score[e]	.153

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XIX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	294	90	74	66	33	31
Total pupils	952,639	191,981	190,297	182,032	196,761	191,568
Poverty rate (percent)	13.5	17.8	11.1	11.2	16.1	10.8
Disabled rate (percent)	11.6	11.9	11.4	11.6	12.2	11.0
Per pupil income	$76,049	$52,389	$65,870	$74,174	$81,358	$106,199
Tax effort[a]	$30.13	$37.13	$31.81	$32.04	$27.87	$26.22

[a] Local funding raised for every $1,000 of district income.

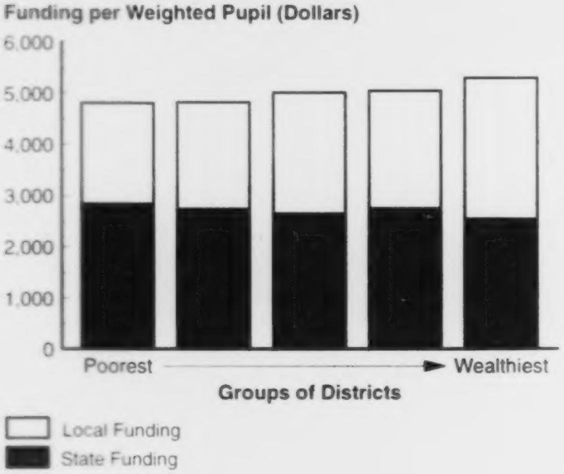
Table XIX.3 presents data on how state and local funding was distributed among the five groups of Indiana districts. Indiana's equalization policies reduced the funding disparity between the wealthy and poor groups from about 40 percent to about 10 percent. Figure XIX.1 provides table information in graphic form.

Table XIX.3: State and Local Funding Distribution in Indiana, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,290	$1,966	$2,082	$2,367	$2,293	$2,751	1.40
State	2,703	2,838	2,740	2,649	2,749	2,548	0.90
Total	**$4,993**	**$4,804**	**$4,822**	**$5,015**	**$5,042**	**$5,299**	**1.10**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XIX.1: State and Local Funding Distribution in Indiana, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XIX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XIX.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XIX.3.

Table XIX.4: How State and Local Funding Would Have Been Distributed If Each District in Indiana Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	Funding of wealthiest group compared with poorest group[a]
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,297	$1,565	$1,998	$2,244	$2,427	$3,247	2.07
State	2,695	3,428	2,995	2,748	2,565	1,746	0.51
Total[c]	**$4,993**	**$4,993**	**$4,993**	**$4,993**	**$4,993**	**$4,993**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XIX.2: How State and Local Funding Would Have Been Distributed If Each District in Indiana Could Have Spent the Average, School Year 1991-92

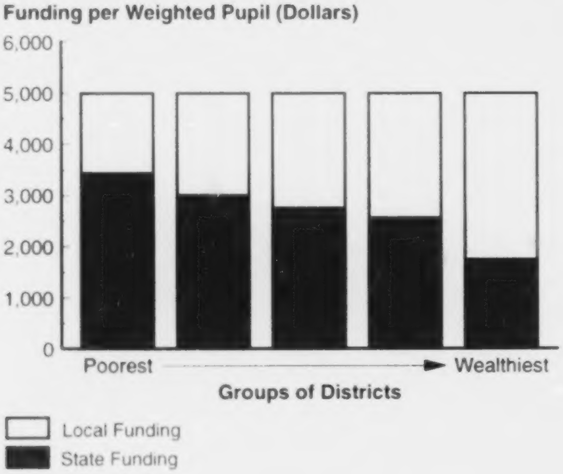
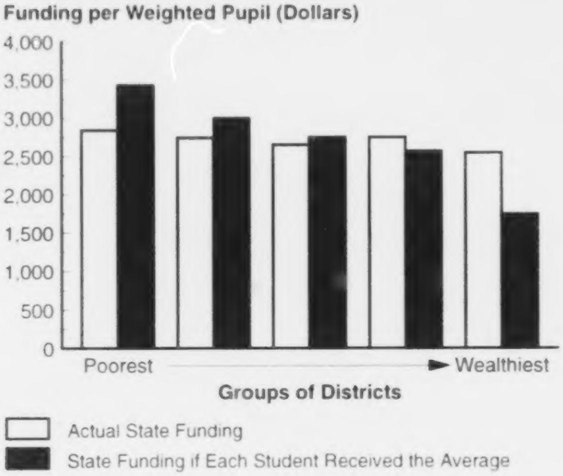


Figure XIX.3: Comparison of Actual State Funding With State Funding Assuming Each District in Indiana Could Have Spent the Average, School Year 1991-92



State Profile: Iowa

Actual Education Funding Distribution in School Year 1991-92

As table XX.1 shows, in school year 1991-92, the state provided 49 percent of the total funding to Iowa's school districts. Total funding (state and local funds combined) per weighted pupil in Iowa averaged $4,849 with an implicit foundation level of $2,622 for each student, which is about 54 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.104, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .031, indicating that total funding increased as district income increased.[illegible] (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XX.1: Summary Data for Iowa in School Year 1991-92

Average total funding per weighted pupil[a]	$4,849
State share of total funding (percent)	49.0
Targeting score (state funds)[b]	–.104
Implicit foundation level[c]	$2,622
Equalization effort[d]	54.1
Fiscal neutrality score[e]	.031

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[illegible] However, this score is not significantly different from 0.

Table XX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	419	144	95	59	75	46
Total pupils	487,004	96,685	98,192	96,775	92,677	102,675
Poverty rate (percent)	13.8	14.2	13.3	16.3	11.9	13.1
Disabled rate (percent)	12.6	11.5	12.1	12.8	13.2	13.3
Per pupil income	$69,690	$51,544	$60,642	$66,301	$75,108	$93,734
Tax effort[a]	$35.87	$51.39	$40.36	$33.60	$35.00	$27.22

[a] Local funding raised for every $1,000 of district income.

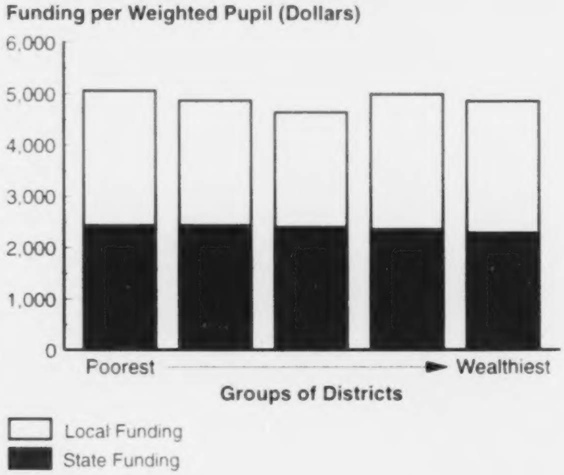
Table XX.3 presents data on how state and local funding was distributed among the five groups of Iowa districts. Iowa's equalization policies increased the funding that poor districts had compared with wealthy districts from 2 percent to about 4 percent. Figure XX.1 provides table information in graphic form.

Table XX.3: State and Local Funding Distribution in Iowa, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,474	$2,621	$2,432	$2,244	$2,637	$2,568	0.98
State	2,375	2,431	2,435	2,399	2,357	2,287	0.94
Total	**$4,849**	**$5,051**	**$4,867**	**$4,643**	**$4,994**	**$4,855**	**0.96**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XX.1: State and Local Funding Distribution in Iowa, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XX.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XX.3.

Table XX.4: How State and Local Funding Would Have Been Distributed If Each District in Iowa Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local[b]	$2,476	$1,851	$2,168	$2,338	$2,663	$3,319	1.79
State	2,373	2,998	2,681	2,511	2,186	1,530	0.51
Total[c]	**$4,849**	**$4,849**	**$4,849**	**$4,849**	**$4,849**	**$4,849**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XX.2: How State and Local Funding Would Have Been Distributed If Each District in Iowa Could Have Spent the Average, School Year 1991-92

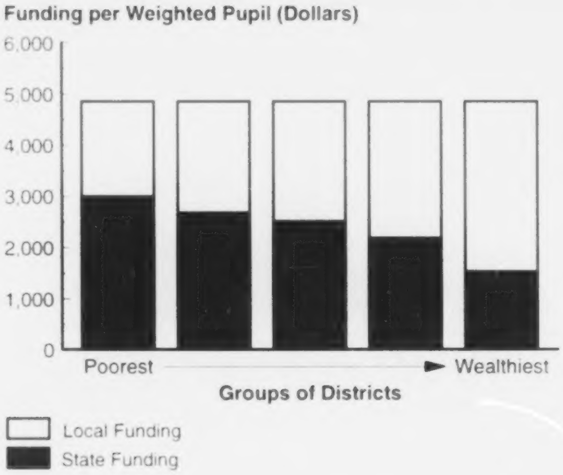
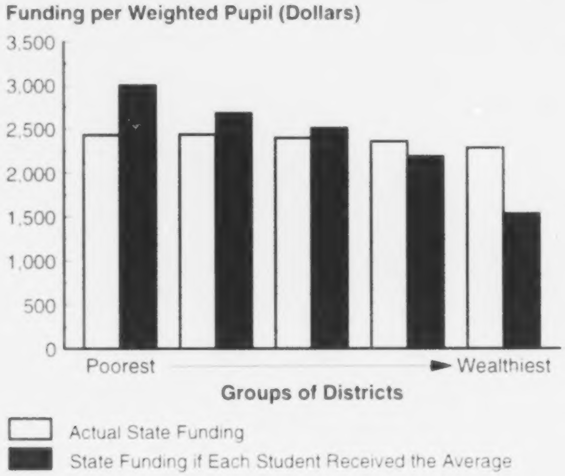


Figure XX.3: Comparison of Actual State Funding With State Funding Assuming Each District in Iowa Could Have Spent the Average, School Year 1991-92



State Profile: Kansas

Actual Education Funding Distribution in School Year 1991-92

As table XXI.1 shows, in school year 1991-92, the state provided about 44 percent of the total funding to Kansas' school districts. Total funding (state and local funds combined) per weighted pupil in Kansas averaged $4,973 with an implicit foundation level of $2,706 for each student, which is about 54 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.241, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .014, indicating that total funding increased as district income increased.[100] (To compare this score with those of other states, see fig. 1.) A Kansas education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXI.1: Summary Data for Kansas in School Year 1991-92

Average total funding per weighted pupil[a]	$4,973
State share of total funding (percent)	43.8
Targeting score (state funds)[b]	-.241
Implicit foundation level[c]	$2,706
Equalization effort[d]	54.4
Fiscal neutrality score[e]	.014

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[100] However, this score is not significantly different from 0.

Table XXI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	304	69	100	70	57	8
Total pupils	437,033	87,100	86,292	89,096	85,852	88,693
Poverty rate (percent)	13.8	18.7	12.3	12.6	13.8	11.5
Disabled rate (percent)	10.2	10.2	9.6	10.3	11.4	9.7
Per pupil income	$74,725	$51,423	$60,923	$69,640	$81,926	$109,173
Tax effort[a]	$37.62	$40.78	$43.96	$41.04	$34.52	$32.90

[a] Local funding raised for every $1,000 of district income

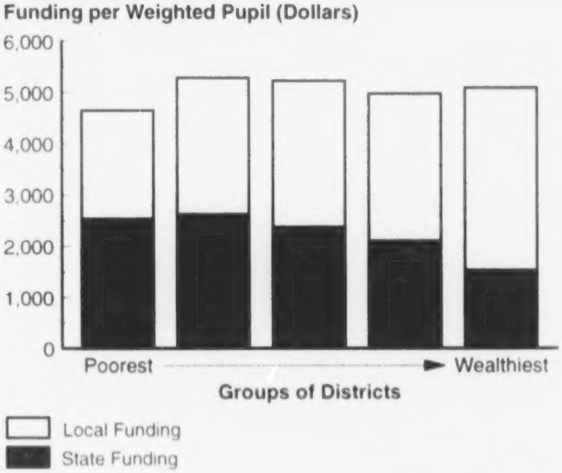
Table XXI.3 presents data on how state and local funding was distributed among the five groups of Kansas districts. Kansas' equalization policies reduced the funding disparity between the wealthy and poor groups from about 68 percent to about 9 percent. Figure XXI.1 provides table information in graphic form.

Table XXI.3: State and Local Funding Distribution in Kansas, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,793	$2,113	$2,652	$2,855	$2,867	$3,555	1.68
State	2,181	2,534	2,630	2,375	2,103	1,534	0.61
Total	**$4,973**	**$4,648**	**$5,282**	**$5,230**	**$4,969**	**$5,089**	**1.09**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXI.1: State and Local Funding Distribution in Kansas, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXI.3.

Table XXI.4: How State and Local Funding Would Have Been Distributed If Each District in Kansas Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,798	$1907	$2,302	$2,607	$3,023	$4,129	2.17
State	2,176	3,066	2,672	2,366	1,951	845	0.28
Total[c]	**$4,973**	**$4,973**	**$4,973**	**$4,973**	**$4,973**	**$4,973**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXI.2: How State and Local Funding Would Have Been Distributed If Each District in Kansas Could Have Spent the Average, School Year 1991-92

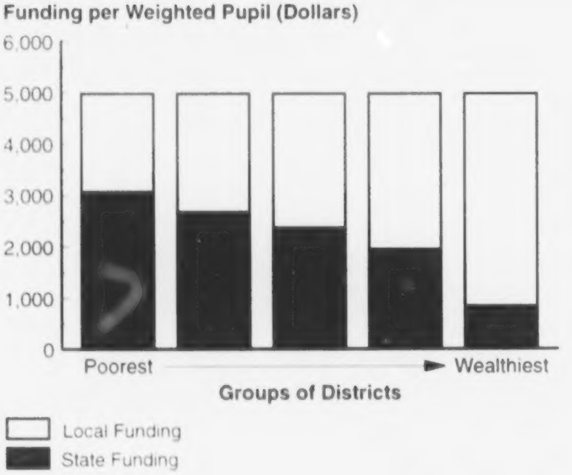
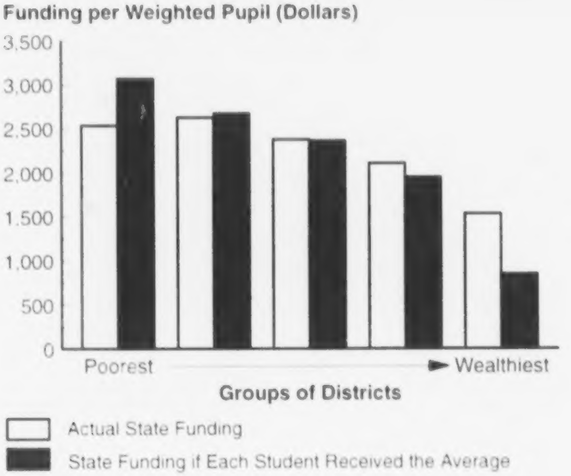


Figure XXI.3: Comparison of Actual State Funding With State Funding Assuming Each District in Kansas Could Have Spent the Average, School Year 1991-92



Appendix XXII

State Profile: Kentucky

Actual Education Funding Distribution in School Year 1991-92

As table XXII.1 shows, in school year 1991-92, the state provided 70 percent of the total funding to Kentucky's school districts. Total funding (state and local funds combined) per weighted pupil in Kentucky averaged $3,728 with an implicit foundation level of $3,232 for each student, which is about 87 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.239, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .126, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXII.1: Summary Data for Kentucky in School Year 1991-92

Average total funding per weighted pupil[a]	$3,728
State share of total funding (percent)	70.0
Targeting score (state funds)[b]	–.239
Implicit foundation level[c]	$3,232
Equalization effort[d]	86.7
Fiscal neutrality score[e]	.126

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	175	43	52	38	37	5
Total pupils	633,901	126,077	127,755	124,667	127,649	127,753
Poverty rate (percent)	25.1	40.9	26.5	21.2	17.7	19.4
Disabled rate (percent)	12.4	12.9	12.4	12.1	12.1	12.7
Per pupil income	$63,691	$36,511	$49,602	$60,505	$73,669	$97,742
Tax effort[a]	$17.42	$14.04	$16.06	$16.01	$16.95	$20.80

[a] Local funding raised for every $1,000 of district income.

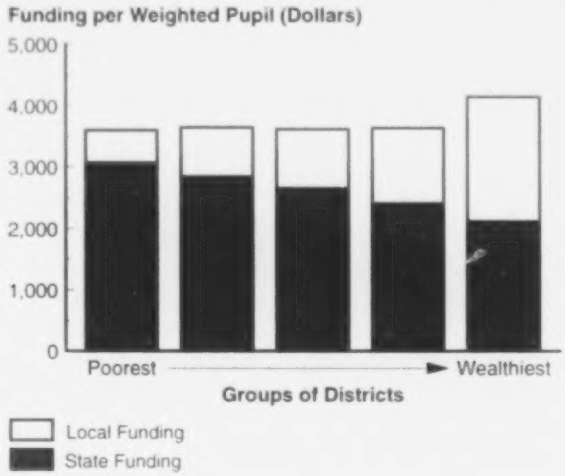
Table XXII.3 presents data on how state and local funding was distributed among the five groups of Kentucky districts. Kentucky's equalization policies reduced the funding disparity between the wealthy and poor groups from about 283 percent to about 15 percent. Figure XXII.1 provides table information in graphic form.

Table XXII.3: State and Local Funding Distribution in Kentucky, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,119	$528	$798	$959	$1,229	$2,020	3.83
State	2,609	3,072	2,846	2,660	2,414	2,123	0.69
Total	**$3,728**	**$3,601**	**$3,644**	**$3,618**	**$3,644**	**$4,143**	**1.15**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXII.1: State and Local Funding Distribution in Kentucky, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXII.3.

Table XXII.4: How State and Local Funding Would Have Been Distributed If Each District in Kentucky Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,126	$626	$871	$1,076	$1,318	$1,730	2.76
State	2,603	3,103	2,858	2,653	2,410	1,999	0.64
Total[c]	**$3,728**	**$3,728**	**$3,728**	**$3,728**	**$3,728**	**$3,728**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXII.2: How State and Local Funding Would Have Been Distributed If Each District in Kentucky Could Have Spent the Average, School Year 1991-92

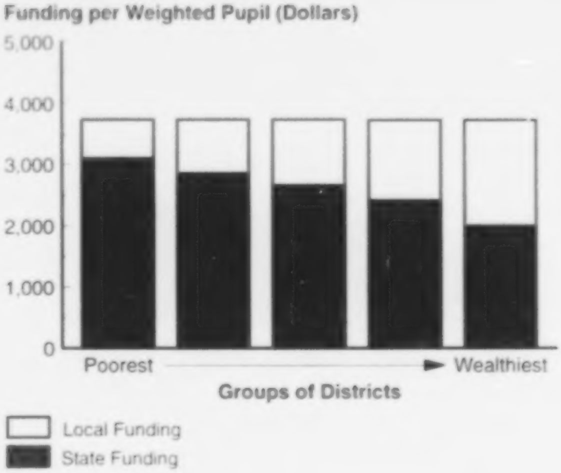
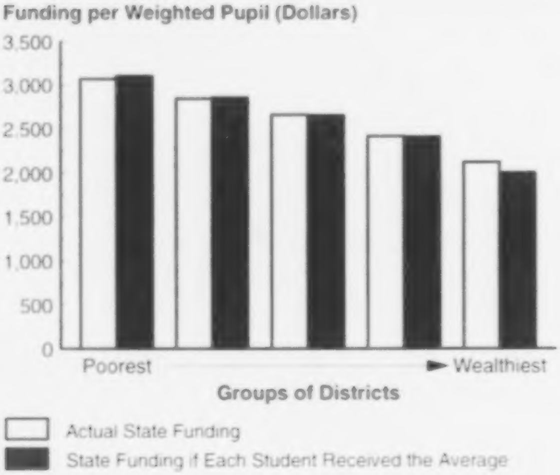


Figure XXII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Kentucky Could Have Spent the Average, School Year 1991-92



State Profile: Louisiana

Actual Education Funding Distribution in School Year 1991-92

As table XXIII.1 shows, in school year 1991-92, the state provided about 62 percent of the total funding to Louisiana's school districts. Total funding (state and local funds combined) per weighted pupil in Louisiana averaged $3,912 with an implicit foundation level of $2,433 for each student, which is about 62 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[101] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .216, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Louisiana education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXIII.1: Summary Data for Louisiana in School Year 1991-92

Average total funding per weighted pupil[a]	$3,912
State share of total funding (percent)	62.2
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$2,433
Equalization effort[d]	62.2
Fiscal neutrality score[e]	.216

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .150.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[101] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

Table XXIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	65	24	23	10	5	3
Total pupils	753,188	149,900	153,216	150,781	175,284	124,007
Poverty rate (percent)	31.8	37.3	34.4	29.4	33.0	22.9
Disabled rate (percent)	10.7	10.6	11.5	10.0	9.9	11.6
Per pupil income	$58,920	$39,718	$45,820	$55,695	$67,411	$90,238
Tax effort[a]	$25.11	$23.86	$27.49	$27.21	$28.66	$19.12

[a] Local funding raised for every $1,000 of district income

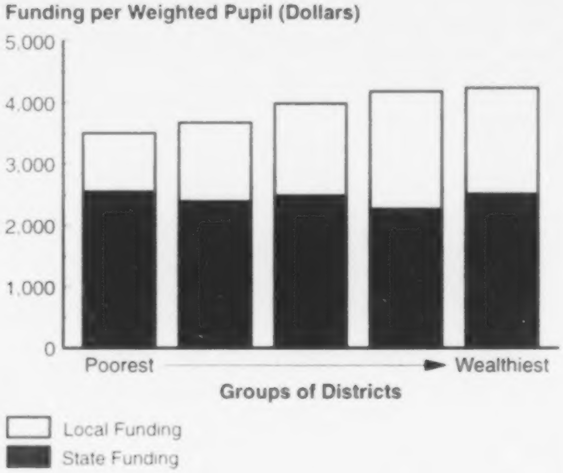
Table XXIII.3 presents data on how state and local funding was distributed among the five groups Louisiana districts. Louisiana's equalization policies reduced the funding disparity between the wealthy and poor groups from about 80 percent to about 21 percent. Figure XXIII.1 provides table information in graphic form.

Table XXIII.3: State and Local Funding Distribution in Louisiana, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local	$1,480	$956	$1,277	$1,499	$1,919	$1,717	1.80
State	2,433	2,551	2,395	2,489	2,271	2,521	99
Total	**$3,912**	**$3,507**	**$3,672**	**$3,988**	**$4,190**	**$4,238**	**1.21**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXIII.1: State and Local Funding Distribution in Louisiana, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXIII.3.

Table XXIII.4: How State and Local Funding Would Have Been Distributed If Each District in Louisiana Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,483	$991	$1,137	$1,415	$1,704	$2,276	2.30
State	2,429	2,922	2,775	2,497	2,208	1,637	0.56
Total[c]	**$3,912**	**$3,912**	**$3,912**	**$3,912**	**$3,912**	**$3,912**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXIII.2: How State and Local Funding Would Have Been Distributed If Each District in Louisiana Could Have Spent the Average, School Year 1991-92

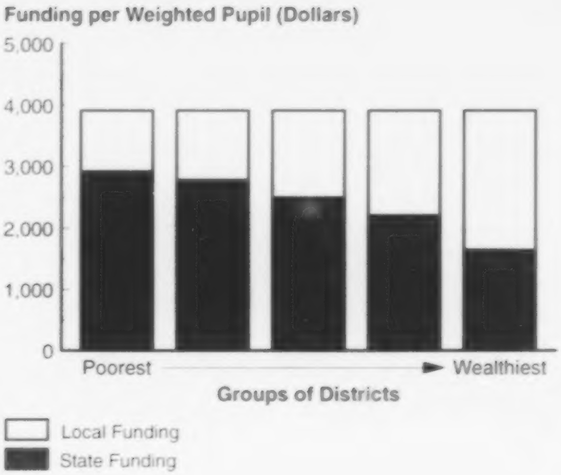
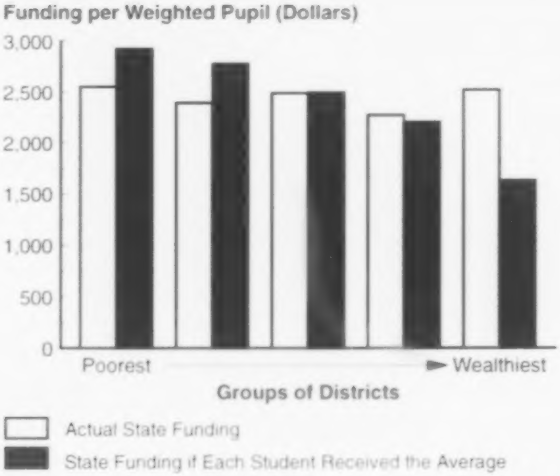


Figure XXIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Louisiana Could Have Spent the Average, School Year 1991-92



Appendix XXIV

State Profile: Maine

Actual Education Funding Distribution in School Year 1991-92

As table XXIV.1 shows, in school year 1991-92, the state provided about 50 percent of the total funding to Maine's school districts. Total funding (state and local funds combined) per weighted pupil in Maine averaged $5,681 with an implicit foundation level of $3,612 for each student, which is about 64 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.287, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .176, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXIV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXIV.1: Summary Data for Maine in School Year 1991-92

Average total funding per weighted pupil[a]	$5,681
State share of total funding (percent)	49.4
Targeting score (state funds)[b]	–.287
Implicit foundation level[c]	$3,612
Equalization effort[d]	63.6
Fiscal neutrality score[e]	.176

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXIV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	227	53	23	38	48	65
Total pupils	211,295	43,274	43,198	40,379	40,807	43,637
Poverty rate (percent)	13.7	17.9	13.1	13.3	12.6	11.4
Disabled rate (percent)	11.9	11.8	11.3	11.9	12.4	12.3
Per pupil income	$76,336	$48,731	$57,869	$67,998	$87,059	$119,681
Tax effort[a]	$37.61	$46.46	$35.13	$35.84	$34.79	$38.04

[a] Local funding raised for every $1,000 of district income.

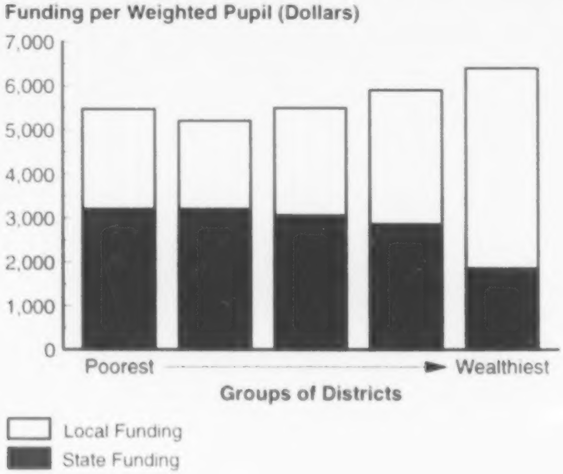
Table XXIV.3 presents data on how state and local funding was distributed among the five groups of Maine districts. Maine's equalization policies reduced the total funding disparity between the wealthy and poor groups from about 100 percent to about 17 percent. Figure XXIV.1 provides table information in graphic form.

Table XXIV.3: State and Local Funding Distribution in Maine, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,875	$2,276	$2,017	$2,434	$3,038	$4,554	2.00
State	2,807	3,193	3,192	3,056	2,862	1,845	0.58
Total	**$5,681**	**$5,469**	**$5,210**	**$5,490**	**$5,901**	**$6,399**	**1.17**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXIV.1: State and Local Funding Distribution in Maine, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXIV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXIV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXIV.3.

Table XXIV.4: How State and Local Funding Would Have Been Distributed If Each District in Maine Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,878	$1,828	$2,197	$2,567	$3,273	$4,513	2.47
State	2,803	3,853	3,484	3,115	2,409	1,168	0.30
Total[c]	**$5,681**	**$5,681**	**$5,681**	**$5,681**	**$5,681**	**$5,681**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXIV.2: How State and Local Funding Would Have Been Distributed If Each District in Maine Could Have Spent the Average, School Year 1991-92

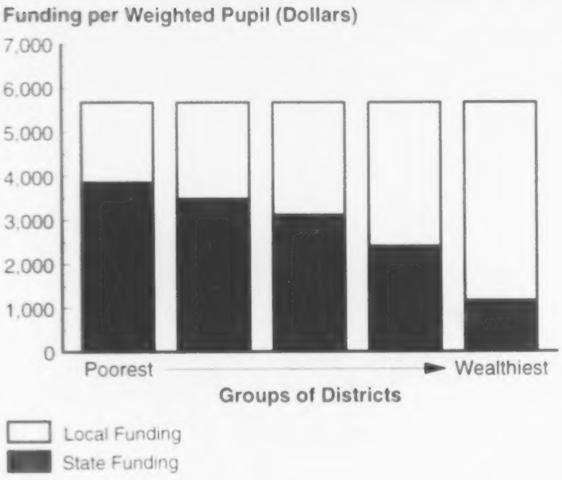
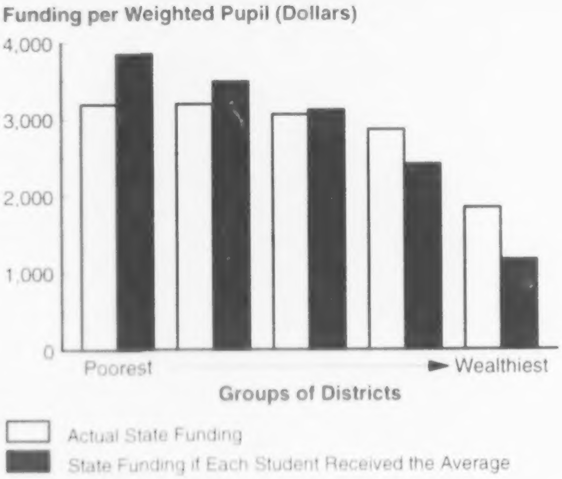


Figure XXIV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Maine Could Have Spent the Average, School Year 1991-92



State Profile: Maryland

Actual Education Funding Distribution in School Year 1991-92

As table XXV.1 shows, in school year 1991-92, the state provided about 40 percent of the total funding to Maryland's school districts. Total funding (state and local funds combined) per weighted pupil in Maryland averaged $6,039 with an implicit foundation level of $3,819 for each student, which is about 63 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.566, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .469, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Maryland education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXV.1: Summary Data for Maryland in School Year 1991-92

Average total funding per weighted pupil[a]	$6,039
State share of total funding (percent)	40.4
Targeting score (state funds)[b]	-.566
Implicit foundation level[c]	$3,819
Equalization effort[d]	63.2
Fiscal neutrality score[e]	.469

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XXV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	24	6	8	4	4	2
Total pupils	736,238	147,982	144,665	141,124	190,872	111,595
Poverty rate (percent)	11.3	26.9	9.0	8.1	6.6	5.7
Disabled rate (percent)	12.0	14.8	11.8	10.5	12.3	10.2
Per pupil income	$114,832	$76,344	$89,714	$109,357	$134,053	$172,482
Tax effort[a]	$31.59	$23.79	$34.67	$30.58	$31.37	$36.41

[a] Local funding raised for every $1,000 of district income.

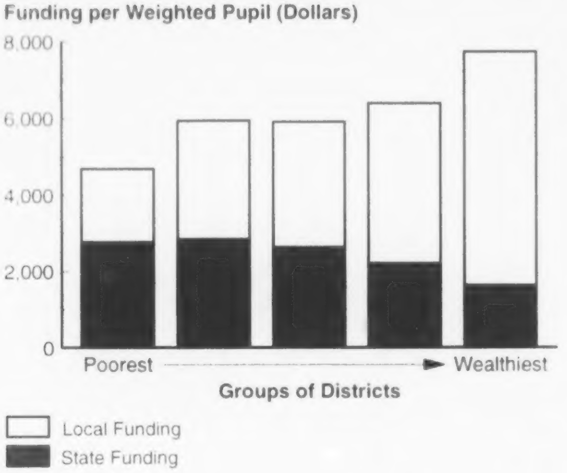
Table XXV.3 presents data on how state and local funding was distributed among the five groups of Maryland districts. Maryland's equalization policies reduced the funding disparity between the wealthy and poor groups from about 217 percent to about 65 percent. Figure XXV.1 provides table information in graphic form.

Table XXV.3: State and Local Funding Distribution in Maryland, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$3,601	$1,919	$3,089	$3,271	$4,185	$6,091	3.17
State	2,438	2,767	2,843	2,630	2,208	1,636	0.59
Total	**$6,039**	**$4,686**	**$5,931**	**$5,901**	**$6,393**	**$7,728**	**1.65**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXV.1: State and Local Funding Distribution in Maryland, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXV.3.

Table XXV.4: How State and Local Funding Would Have Been Distributed If Each District in Maryland Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,627	$2,269	$2,835	$3,511	$4,225	$5,577	2.46
State	2,413	3,771	3,205	2,528	1,814	462	0.12
Total[c]	**$6,039**	**$6,039**	**$6,039**	**$6,039**	**$6,039**	**$6,039**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXV.2: How State and Local Funding Would Have Been Distributed If Each District in Maryland Could Have Spent the Average, School Year 1991-92

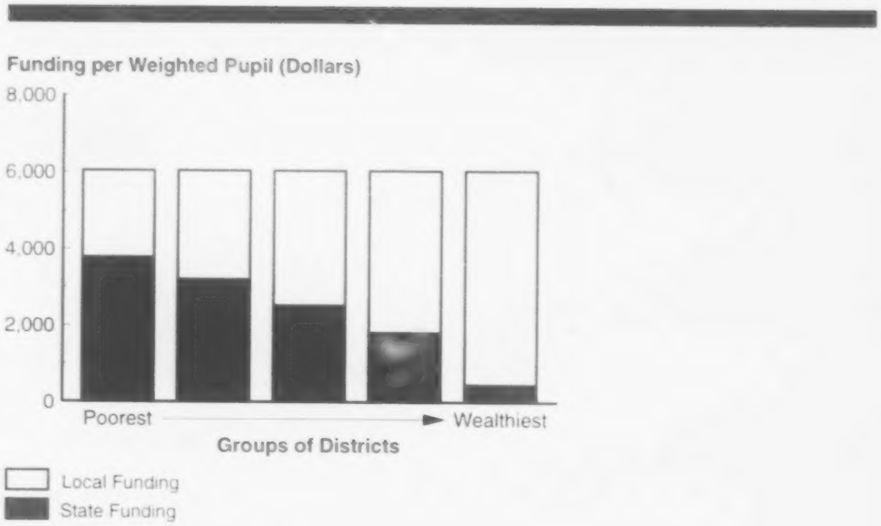
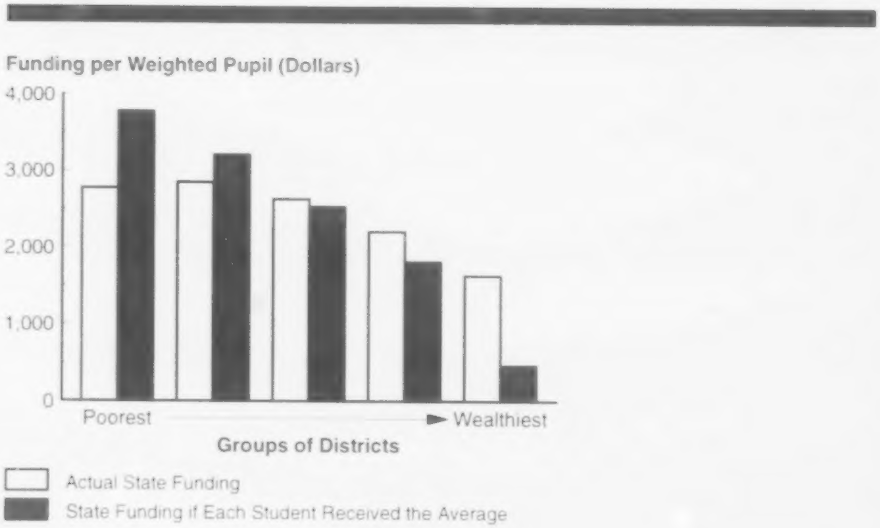


Figure XXV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Maryland Could Have Spent the Average, School Year 1991-92



State Profile: Massachusetts

Actual Education Funding Distribution in School Year 1991-92

As table XXVI.1 shows, in school year 1991-92, the state provided about 31 percent of the total funding to Massachusetts' school districts. Total funding (state and local funds combined) per weighted pupil in Massachusetts averaged $6,264 with an implicit foundation level of $2,542 for each student, which is about 41 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.316, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .447, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Massachusetts education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXVI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXVI.1: Summary Data for Massachusetts in School Year 1991-92

Average total funding per weighted pupil[a]	$6,264
State share of total funding (percent)	30.8
Targeting score (state funds)[b]	–.316
Implicit foundation level[c]	$2,542
Equalization effort[d]	40.6
Fiscal neutrality score[e]	.447

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXVI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	265	25	46	63	38	93
Total pupils	738,672	148,207	148,084	144,468	150,204	147,709
Poverty rate (percent)	13.3	25.3	11.2	7.2	15.9	6.5
Disabled rate (percent)	15.9	14.3	16.1	15.8	17.4	16.0
Per pupil income	$133,452	$80,285	$103,188	$124,984	$147,482	$211,155
Tax effort[a]	$32.62	$25.58	$35.56	$34.70	$33.18	$32.36

[a] Local funding raised for every $1,000 of district income.

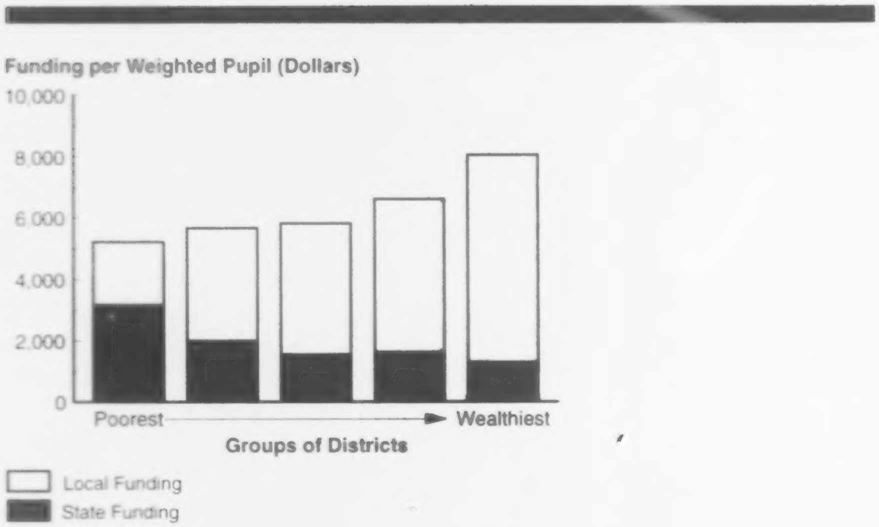
Table XXVI.3 presents data on how state and local funding was distributed among the five groups of Massachusetts districts. Massachusetts' equalization policies reduced the funding disparity between the wealthy and poor groups from about 228 percent to about 54 percent. Figure XXVI.1 provides table information in graphic form.

Table XXVI.3: State and Local Funding Distribution in Massachusetts, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$4,332	$2,059	$3,664	$4,290	$4,992	$6,761	3.28
State	$1,932	3,169	2,003	1,543	1,618	1,276	0.40
Total	**$6,264**	**$5,227**	**$5,667**	**$5,833**	**$6,610**	**$8,037**	**1.54**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXVI.1: State and Local Funding Distribution in Massachusetts, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXVI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXVI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXVI.3.

Table XXVI.4: How State and Local Funding Would Have Been Distributed If Each District in Massachusetts Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$4,342	$2,607	$3,359	$4,106	$4,703	$6,935	2.66
State	$1,921	3,657	2,905	2,158	1,561	-671[c]	-0.18
Total[d]	**$6,264**	**$6,264**	**$6,264**	**$6,264**	**$6,264**	**$6,264**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XXVI.2: How State and Local Funding Would Have Been Distributed If Each District in Massachusetts Could Have Spent the Average, School Year 1991-92

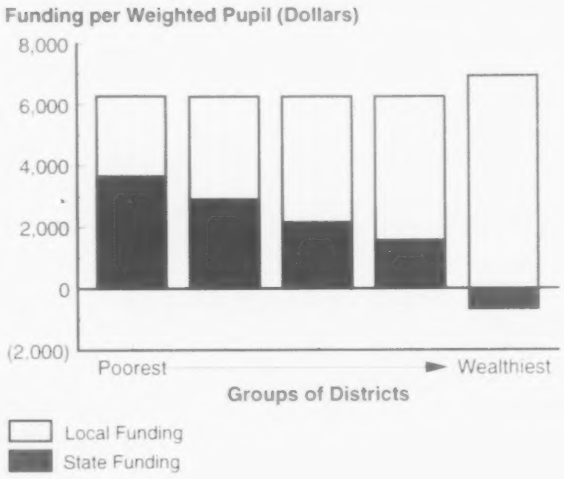


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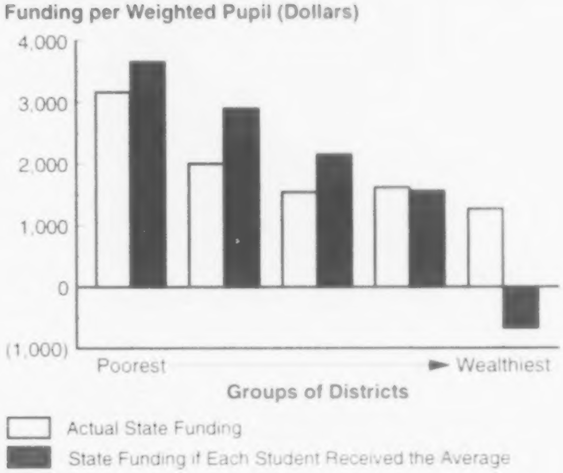
Figure XXVI.3: Comparison of Actual State Funding With State Funding Assuming Each District in Massachusetts Could Have Spent the Average, School Year 1991-92



State Profile: Michigan

Actual Education Funding Distribution in School Year 1991-92

As table XXVII.1 shows, in school year 1991-92, the state provided about 33 percent of the total funding to Michigan's school districts. Total funding (state and local funds combined) per weighted pupil in Michigan averaged $5,851 with an implicit foundation level of $2,839 for each student, which is about 49 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.475, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .290, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Michigan education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXVII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXVII.1: Summary Data for Michigan in School Year 1991-92

Average total funding per weighted pupil[a]	$5,851
State share of total funding (percent)	32.9
Targeting score (state funds)[b]	–.475
Implicit foundation level[c]	$2,839
Equalization effort[d]	48.5
Fiscal neutrality score[e]	.290

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XXVII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	558	131	134	131	87	75
Total pupils	1,619,705	383,231	263,756	320,904	331,100	320,714
Poverty rate (percent)	17.4	33.8	19.8	12.5	10.9	7.4
Disabled rate (percent)	9.9	9.7	9.8	10.0	10.7	9.4
Per pupil income	$80,367	$50,990	$60,070	$72,329	$86,839	$133,525
Tax effort[a]	$48.78	$40.01	$50.86	$52.09	$51.37	$49.38

[a] Local funding raised for every $1,000 of district income.

Table XXVII.3 presents data on how state and local funding was distributed among the five groups of Michigan districts. Michigan's equalization policies reduced the funding disparity between the wealthy and poor groups from about 208 percent to about 36 percent. Figure XXVII.1 provides table information in graphic form.

Table XXVII.3: State and Local Funding Distribution in Michigan, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$3,926	$2,093	$3,063	$3,738	$4,449	$6,444	3.08
State	1,925	3,182	2,288	1,832	1,325	754	0.24
Total	**$5,851**	**$5,275**	**$5,351**	**$5,570**	**$5,774**	**$7,198**	**1.36**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

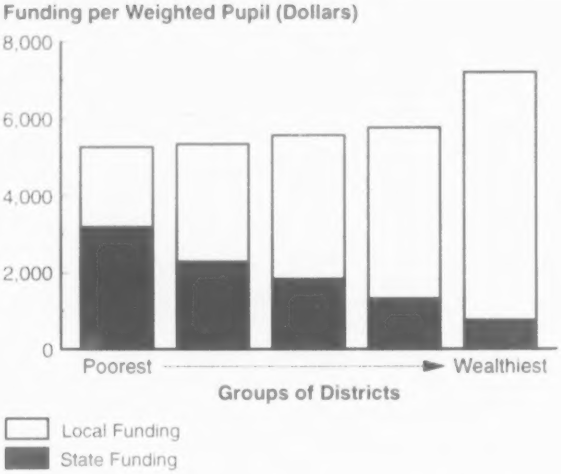


Figure XXVII.1: State and Local Funding Distribution in Michigan, School Year 1991-92

How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXVII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXVII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXVII.3.

Table XXVII.4: How State and Local Funding Would Have Been Distributed If Each District in Michigan Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,954	$2,430	$2,932	$3,565	$4,268	$6,681	2.75
State	1,897	3,421	2,919	2,286	1,583	-830[c]	-0.24
Total[d]	**$5,851**	**$5,851**	**$5,851**	**$5,851**	**$5,851**	**$5,851**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XXVII.2: How State and Local Funding Would Have Been Distributed If Each District in Michigan Could Have Spent the Average, School Year 1991-92

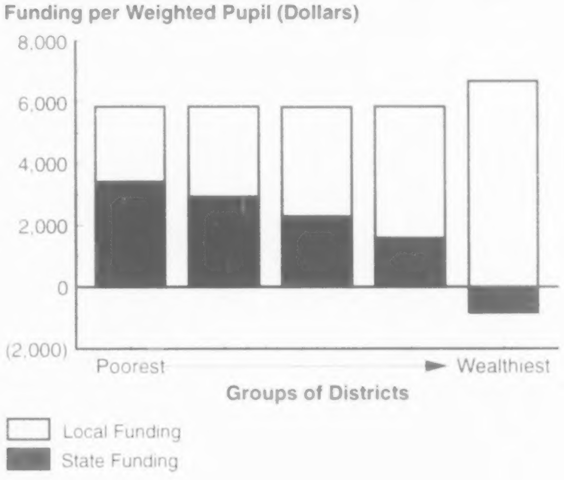
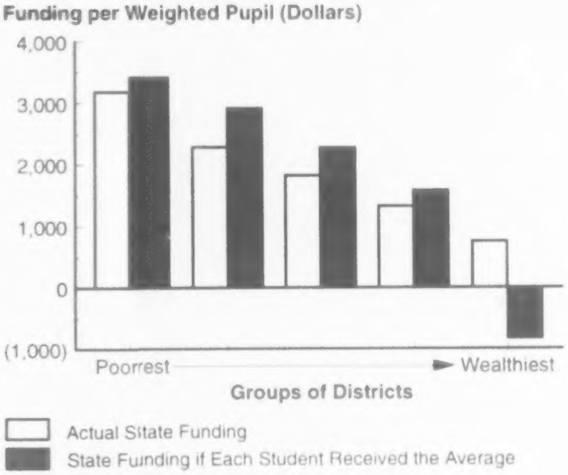


Figure XXVII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Michigan Could Have Spent the Average, School Year 1991-92



State Profile: Minnesota

Actual Education Funding Distribution in School Year 1991-92

As table XXVIII.1 shows, in school year 1991-92, the state provided about 54 percent of the total funding to Minnesota's school districts. Total funding (state and local funds combined) per weighted pupil in Minnesota averaged $5,646 with an implicit foundation level of $4,524 for each student, which is about 80 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.499, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .113, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Minnesota education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXVIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXVIII.1: Summary Data for Minnesota in School Year 1991-92

Average total funding per weighted pupil[a]	$5,646
State share of total funding (percent)	53.5
Targeting score (state funds)[b]	-.499
Implicit foundation level[c]	$4,524
Equalization effort[d]	80.1
Fiscal neutrality score[e]	.113

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XXVIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	404	166	79	71	47	41
Total pupils	741,835	148,475	147,144	149,452	149,247	147,517
Poverty rate (percent)	12.1	15.7	9.7	10.0	12.6	12.8
Disabled rate (percent)	10.7	10.0	10.2	10.9	11.2	11.3
Per pupil income	$81,234	$49,929	$62,803	$71,975	$89,893	$131,745
Tax effort[a]	$31.75	$36.66	$33.36	$29.23	$29.25	$32.08

[a] Local funding raised for every $1,000 of district income.

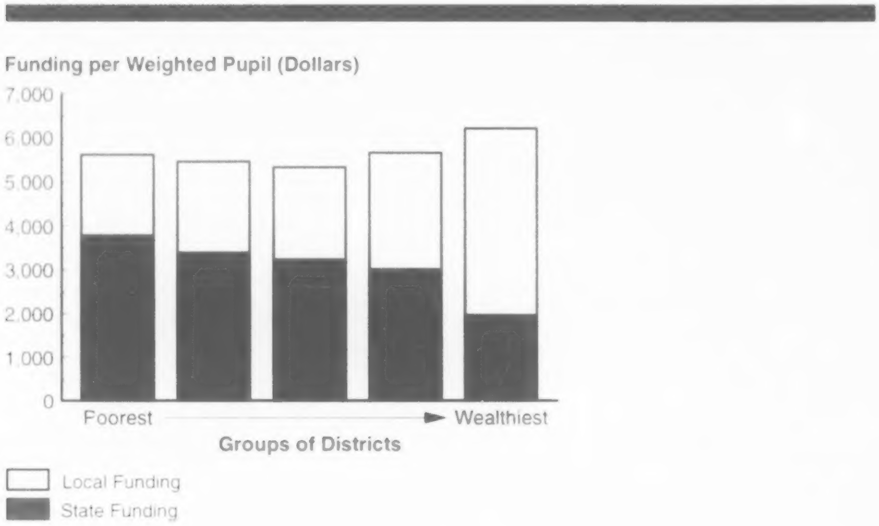
Table XXVIII.3 presents data on how state and local funding was distributed among the five groups of Minnesota districts. Minnesota's equalization policies reduced the funding disparity between the wealthy and poor groups from 133 percent to about 11 percent. Figure XXVIII.1 provides table information in graphic form.

Table XXVIII.3: State and Local Funding Distribution in Minnesota, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,627	$1,827	$2,074	$2,101	$2,646	$4,256	2.33
State	3,019	3,785	3,383	3,230	3,003	1,956	0.52
Total	$5,646	$5,613	$5,457	$5,331	$5,649	$6,212	1.11

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXVIII.1: State and Local Funding Distribution in Minnesota, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXVIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXVIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXVIII.3.

Table XXVIII.4: How State and Local Funding Would Have Been Distributed If Each District in Minnesota Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,627	$1,622	$2,053	$2,333	$2,889	$4,243	2.62
State	3,019	4,024	3,593	3,313	2,757	1,403	0.35
Total[c]	**$5,646**	**$5,646**	**$5,646**	**$5,646**	**$5,646**	**$5,646**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXVIII.2: How State and Local Funding Would Have Been Distributed If Each District in Minnesota Could Have Spent the Average, School Year 1991-92

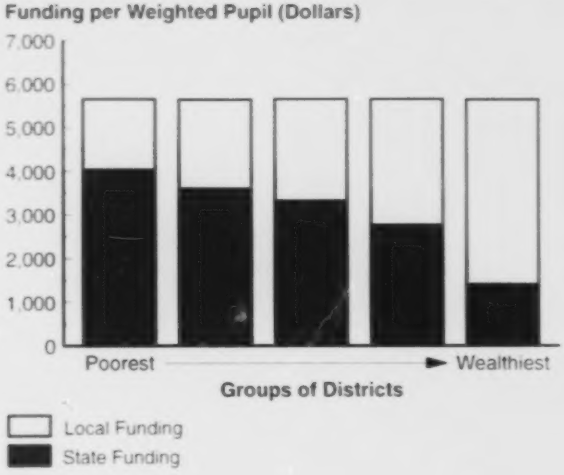
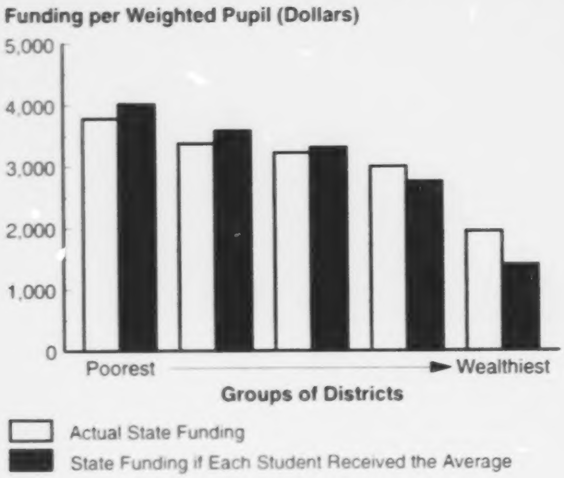


Figure XXVIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Minnesota Could Have Spent the Average, School Year 1991-92



State Profile: Mississippi

Actual Education Funding Distribution in School Year 1991-92

As table XXIX.1 shows, in school year 1991-92, the state provided about 64 percent of the total funding to Mississippi's school districts. Total funding (state and local funds combined) per weighted pupil in Mississippi averaged $2,831 with an implicit foundation level of $1,860 for each student, which is about 66 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.020, indicating that state education funds were targeted to poor districts.[102] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .007, indicating that total funding increased as district income increased.[103] (To compare this score with those of other states, see fig. 1.) A Mississippi education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXIX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXIX.1: Summary Data for Mississippi in School Year 1991-92

Average total funding per weighted pupil[a]	$2,831
State share of total funding (percent)	64.4
Targeting score (state funds)[b]	–.020
Implicit foundation level[c]	$1,860
Equalization effort[d]	65.7
Fiscal neutrality score[e]	.007

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[102] However, this score is not significantly different from 0.

[103] See footnote 102.

Table XXIX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	148	31	37	32	28	20
Total pupils	496,277	99,428	97,200	100,261	107,073	92,315
Poverty rate (percent)	32.9	44.8	36.9	29.9	26.2	27.0
Disabled rate (percent)	12.0	10.0	13.5	12.4	12.3	12.0
Per pupil income	$51,017	$30,029	$38,911	$44,232	$52,892	$91,561
Tax effort[a]	$19.78	$39.02	$19.60	$17.25	$20.92	$13.74

[a] Local funding raised for every $1,000 of district income.

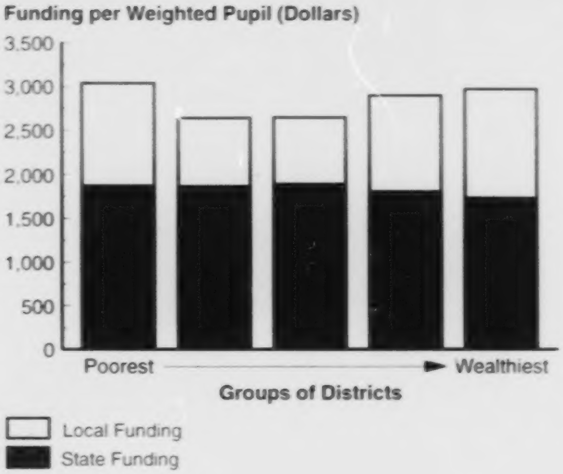
Table XXIX.3 presents data on how state and local funding was distributed among the five groups of Mississippi districts. Mississippi's equalization policies eliminated the funding disparity between the wealthy and poor groups, with poor districts receiving about 2 percent more total funding than wealthy districts. Figure XXIX.1 provides table information in graphic form.

Table XXIX.3: State and Local Funding Distribution in Mississippi, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,008	$1,169	$779	$763	$1,098	$1,245	1.07
State	1,823	1,866	1,862	1,887	1,800	1,729	0.93
Total	**$2,831**	**$3,034**	**$2,642**	**$2,650**	**$2,898**	**$2,974**	**0.98**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXIX.1: State and Local Funding Distribution in Mississippi, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXIX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXIX.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXIX.3.

Table XXIX.4: How State and Local Funding Would Have Been Distributed If Each District in Mississippi Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,008	$595	$753	$875	$1,056	$1,809	3.04
State	1,823	2,236	2,078	1,956	1,775	1,022	0.46
Total[c]	**$2,831**	**$2,831**	**$2,831**	**$2,831**	**$2,831**	**$2,831**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort

[c] The average is the maximum foundation level possible in a state

Figure XXIX.2: How State and Local Funding Would Have Been Distributed If Each District in Mississippi Could Have Spent the Average, School Year 1991-92

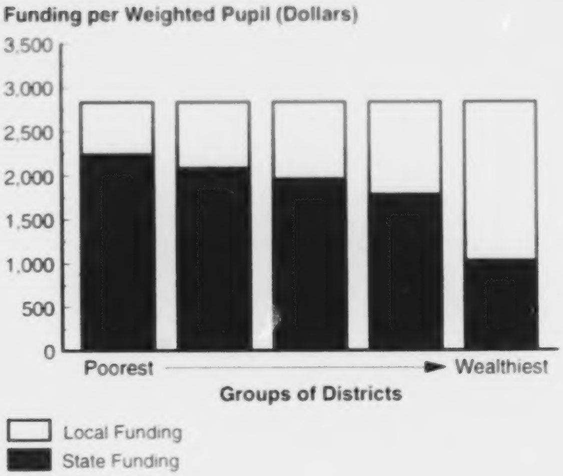
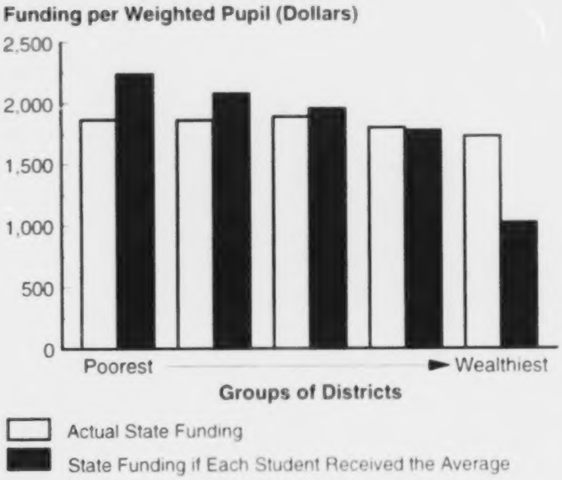


Figure XXIX.3: Comparison of Actual State Funding With State Funding Assuming Each District in Mississippi Could Have Spent the Average, School Year 1991-92



State Profile: Missouri

Actual Education Funding Distribution in School Year 1991-92

As table XXX.1 shows, in school year 1991-92, the state provided about 45 percent of the total funding to Missouri's school districts. Total funding (state and local funds combined) per weighted pupil in Missouri averaged $3,972 with an implicit foundation level of $1,802 for each student, which is about 45 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.017, indicating that state education funds were targeted to poor districts.[104] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .362, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Missouri education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXX.1: Summary Data for Missouri in School Year 1991-92

Average total funding per weighted pupil[a]	$3,972
State share of total funding (percent)	44.6
Targeting score (state funds)[b]	–.017
Implicit foundation level[c]	$1,802
Equalization effort[d]	45.4
Fiscal neutrality score[e]	.362

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[104] However, this score is not significantly different from 0.

Table XXX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	538	173	164	105	45	51
Total pupils	822,099	165,035	164,035	169,117	155,397	168,515
Poverty rate (percent)	17.0	23.6	16.6	13.7	17.1	14.2
Disabled rate (percent)	10.0	11.2	11.5	9.8	10.7	6.8
Per pupil income	$79,570	$48,589	$61,069	$75,587	$90,076	$122,231
Tax effort[a]	$27.41	$22.71	$23.31	$27.78	$34.09	$27.10

[a] Local funding raised for every $1,000 of district income.

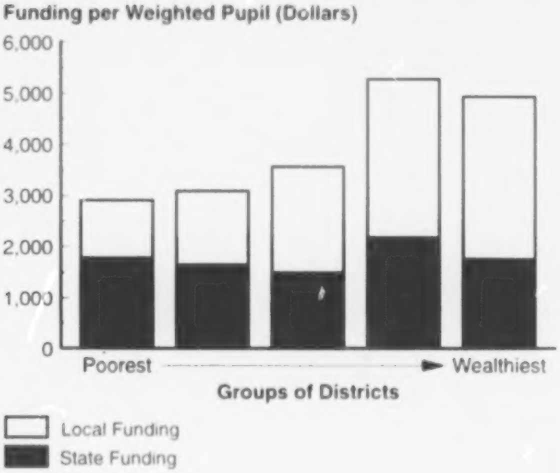
Table XXX.3 presents data on how state and local funding was distributed among the five groups of Missouri districts. Missouri's equalization policies reduced the funding disparity between the wealthy and poor groups from 181 percent to about 70 percent. Figure XXX.1 provides table information in graphic form.

Table XXX.3: State and Local Funding Distribution in Missouri, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,200	$1,131	$1,446	$2,083	$3,097	$3,179	2.81
State	1,773	1,781	1,644	1,485	2,175	1,758	0.99
Total	**$3,972**	**$2,912**	**$3,090**	**$3,568**	**$5,272**	**$4,937**	**1.70**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXX.1: State and Local Funding Distribution in Missouri, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXX.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXX.3.

Table XXX.4: How State and Local Funding Would Have Been Distributed If Each District in Missouri Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local[b]	$2,240	$1,313	$1,664	$2,118	$2,477	$3,610	2.75
State	1,733	2,660	2,308	1,854	1,495	363	0.14
Total[c]	**$3,972**	**$3,972**	**$3,972**	**$3,972**	**$3,972**	**$3,972**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXX.2: How State and Local Funding Would Have Been Distributed If Each District in Missouri Could Have Spent the Average, School Year 1991-92

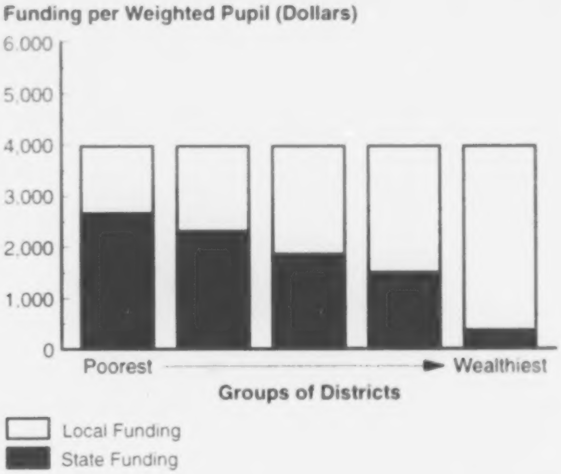
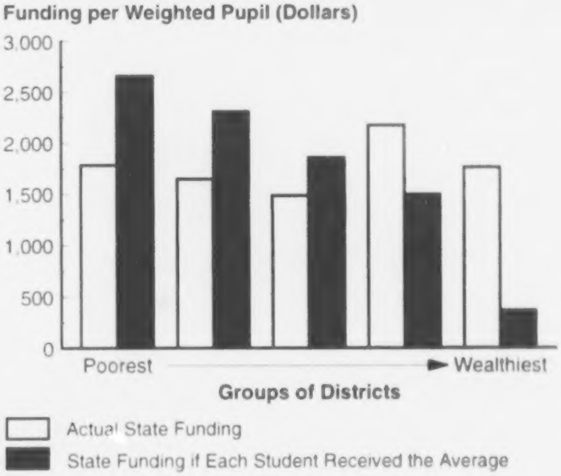


Figure XXX.3: Comparison of Actual State Funding With State Funding Assuming Each District in Missouri Could Have Spent the Average, School Year 1991-92



State Profile: Montana

Actual Education Funding Distribution in School Year 1991-92

As table XXXI.1 shows, in school year 1991-92, the state provided about 44 percent of the total funding to Montana's school districts. Total funding (state and local funds combined) per weighted pupil in Montana averaged $4,835 with an implicit foundation level of $2,406 for each student, which is about 50 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.126, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .393, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Montana education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXXI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXI.1: Summary Data for Montana in School Year 1991-92

Average total funding per weighted pupil[a]	$4,835
State share of total funding (percent)	44.2
Targeting score (state funds)[b]	–.126
Implicit foundation level[c]	$2,406
Equalization effort[d]	49.8
Fiscal neutrality score[e]	.393

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XXXI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	480	114	87	45	135	99
Total pupils	154,488	30,656	30,001	33,496	29,426	30,909
Poverty rate (percent)	19.5	26.5	18.6	18.1	17.9	16.6
Disabled rate (percent)	9.8	10.2	9.4	11.6	9.3	8.3
Per pupil income	$115,518	$49,344	$74,493	$91,295	$123,824	$239,311
Tax effort[a]	$23.94	$42.44	$30.36	$22.14	$25.07	$18.64

[a] Local funding raised for every $1,000 of district income

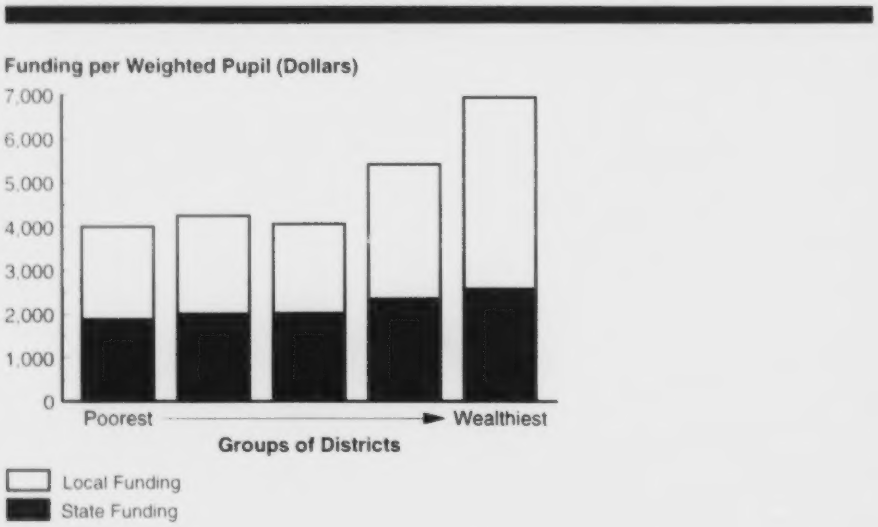
Table XXXI.3 presents data on how state and local funding was distributed among the five groups of Montana districts. Although Montana provided more state funding to wealthy districts than to poor districts, Montana's equalization policies moderated the funding disparity between the wealthy and poor groups from about 104 percent to about 73 percent. Figure XXXI.1 provides table information in graphic form.

Table XXXI.3: State and Local Funding Distribution in Montana, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,698	$2,136	$2,248	$2,056	$3,077	$4,365	2.04
State	2,137	1,870	2,010	2,019	2,353	2,577	1.38
Total	**$4,835**	**$4,006**	**$4,258**	**$4,075**	**$5,430**	**$6,942**	**1.73**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXI.1: State and Local Funding Distribution in Montana, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXI.3.

Table XXXI.4: How State and Local Funding Would Have Been Distributed If Each District in Montana Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,730	$1,145	$1,754	$2,098	$2,948	$5,726	5.00
State	2,105	3,690	3,081	2,737	1,886	-891[c]	-0.24
Total[d]	**$4,835**	**$4,835**	**$4,835**	**$4,835**	**$4,835**	**$4,835**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XXXI.2: How State and Local Funding Would Have Been Distributed If Each District in Montana Could Have Spent the Average, School Year 1991-92

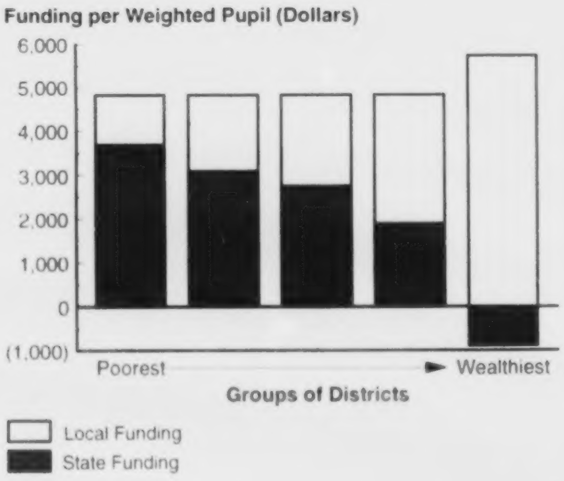
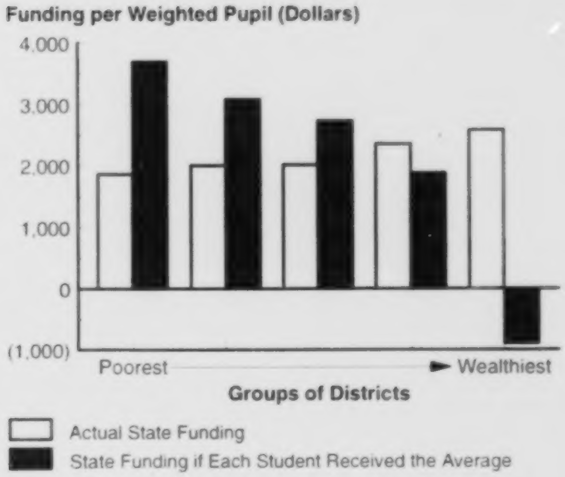


Figure XXXI.3: Comparison of Actual State Funding With State Funding Assuming Each District in Montana Could Have Spent the Average, School Year 1991-92



State Profile: Nebraska

Actual Education Funding Distribution in School Year 1991-92

As table XXXII.1 shows, in school year 1991-92, the state provided about 34 percent of the total funding to Nebraska's school districts. Total funding (state and local funds combined) per weighted pupil in Nebraska averaged $5,148 with an implicit foundation level of $2,203 for each student, which is about 43 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.246, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .154, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Nebraska education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXXII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXII.1: Summary Data for Nebraska in School Year 1991-92

Average total funding per weighted pupil[a]	$5,148
State share of total funding (percent)	34.3
Targeting score (state funds)[b]	-.246
Implicit foundation level[c]	$2,203
Equalization effort[d]	42.8
Fiscal neutrality score[e]	.154

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXXII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	678	150	96	87	51	294
Total pupils	276,085	55,219	55,181	55,320	58,772	51,593
Poverty rate (percent)	12.9	15.0	12.1	8.6	17.7	10.7
Disabled rate (percent)	12.3	11.2	12.1	11.9	12.6	13.4
Per pupil income	$94,845	$64,972	$78,825	$90,020	$107,093	$135,169
Tax effort[a]	$36.38	$51.44	$41.86	$37.79	$29.19	$30.73

[a] Local funding raised for every $1,000 of district income.

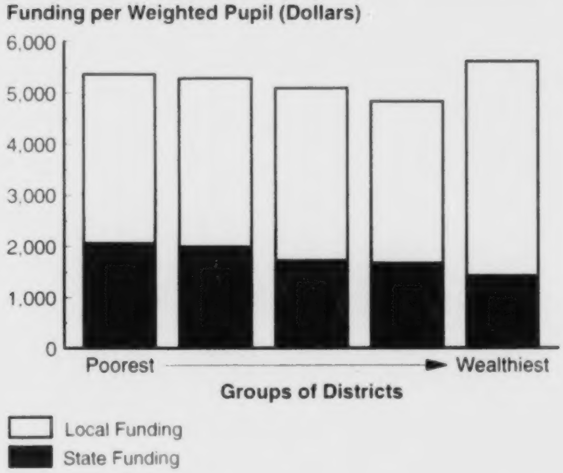
Table XXXII.3 presents data on how state and local funding was distributed among the five groups of Nebraska districts. Nebraska's equalization policies reduced the total funding disparity between the wealthy and poor groups from about 27 percent to about 5 percent. Figure XXXII.1 provides table information in graphic form.

Table XXXII.3: State and Local Funding Distribution in Nebraska, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local	$3,380	$3,309	$3,291	$3,364	$3,164	$4,191	1.27
State	1,768	2,058	1,993	1,723	1,668	1,422	0.69
Total	**$5,148**	**$5,367**	**$5,284**	**$5,087**	**$4,832**	**$5,614**	**1.05**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXII.1: State and Local Funding Distribution in Nebraska, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXII.3.

Table XXXII.4: How State and Local Funding Would Have Been Distributed If Each District in Nebraska Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local[b]	$3,384	$2,342	$2,819	$3,247	$3,772	$4,809	2.05
State	1,764	2,806	2,329	1,901	1,376	339	0.12
Total[c]	**$5,148**	**$5,148**	**$5,148**	**$5,148**	**$5,148**	**$5,148**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXXII.2: How State and Local Funding Would Have Been Distributed If Each District in Nebraska Could Have Spent the Average, School Year 1991-92

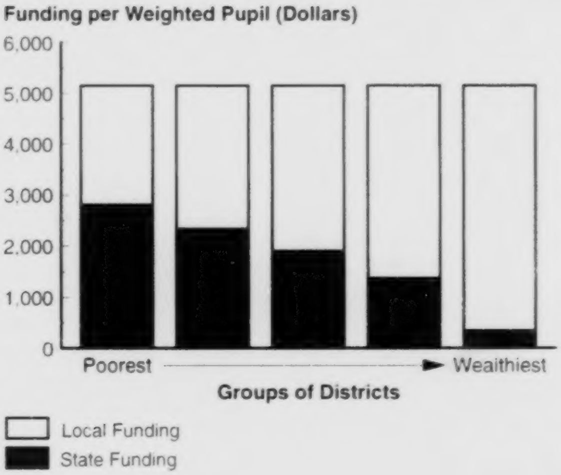
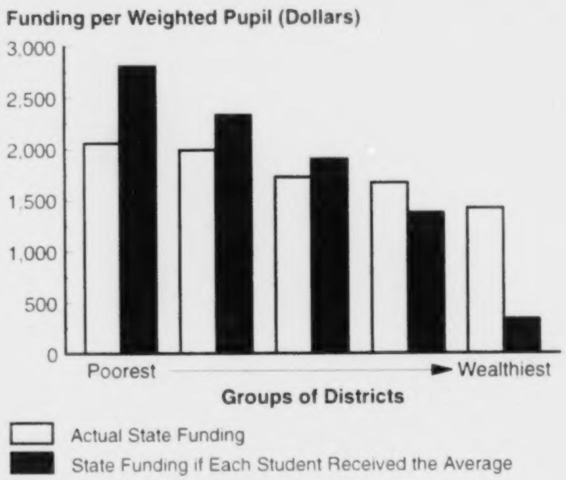


Figure XXXII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Nebraska Could Have Spent the Average, School Year 1991-92



State Profile: Nevada

Actual Education Funding Distribution in School Year 1991-92

As table XXXIII.1 shows, in school year 1991-92, the state provided about 57 percent of the total funding to Nevada's school districts. Total funding (state and local funds combined) per weighted pupil in Nevada averaged \$3,597 with the same implicit foundation level, achieving an equalization effort of 100 percent.[105] (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -1.007, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was -.556, indicating that total funding increased as district income decreased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXXIII.2 presents demographic data for 1991-92 for four groups of districts of increasing district income. Nevada was divided into four groups rather than five because of its student population distribution.

Table XXXIII.1: Summary Data for Nevada in School Year 1991-92

Average total funding per weighted pupil[a]	\$3,597
State share of total funding (percent)	56.9
Targeting score (state funds)[b]	-1.007
Implicit foundation level[c]	\$3,597
Equalization effort[d]	100.0
Fiscal neutrality score[e]	-.556

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[105] Nevada actually targeted more state funds to poor districts than was necessary to achieve the average as an implicit foundation level.

Table XXXIII.2: Demographic Context in School Year 1991-92

		Poorest			Wealthiest
	State	Group 1	Group 2	Group 3	Group 4
Total districts	17	11	1[b]	2	3
Total pupils	211,810	29,577	129,233	12,402	40,598
Poverty rate (percent)	13.3	12.4	14.4	8.9	11.7
Disabled rate (percent)	9.4	11.1	8.5	11.6	10.6
Mean income per pupil	$86,827	$57,218	$85,716	$93,306	$109,952
Tax effort[a]	$17.84	$28.42	$17.81	$18.51	$13.73

[a] Local funding raised for every $1,000 of district income.

[b] Las Vegas was the only district in this group.

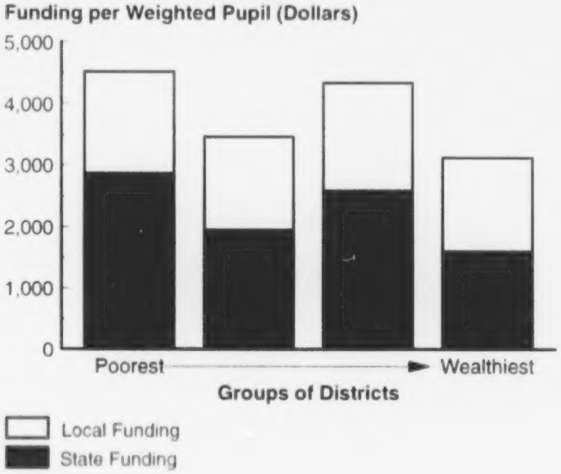
Table XXXIII.3 presents data on how state and local funding was distributed among the four groups of districts. Nevada's equalization policies increased the funding that poor districts had compared with wealthy districts, resulting in wealthy districts having 31 percent less funding than poor districts. Figure XXXIII.1 provides table information in graphic form.

Table XXXIII.3: State and Local Funding Distribution in Nevada, School Year 1991-92

	Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest			Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	
Local	$1,549	$1,654	$1,513	$1,756	$1,526	0.92
State	2,049	2,865	1,943	2,579	1,591	0.56
Total	**$3,597**	**$4,518**	**$3,455**	**$4,335**	**$3,117**	**0.69**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXIII.1: State and Local Funding Distribution in Nevada, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXIII.3.

Table XXXIII.4: How State and Local Funding Would Have Been Distributed If Each District in Nevada Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest			Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	
Local[b]	$1,549	$1,003	$1,543	$1,635	$1,940	1.93
State	2,048	2,594	2,055	1,962	1,657	0.64
Total[c]	**$3,597**	**$3,597**	**$3,597**	**$3,597**	**$3,597**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXXIII.2: How State and Local Funding Would Have Been Distributed If Each District in Nevada Could Have Spent the Average, School Year 1991-92

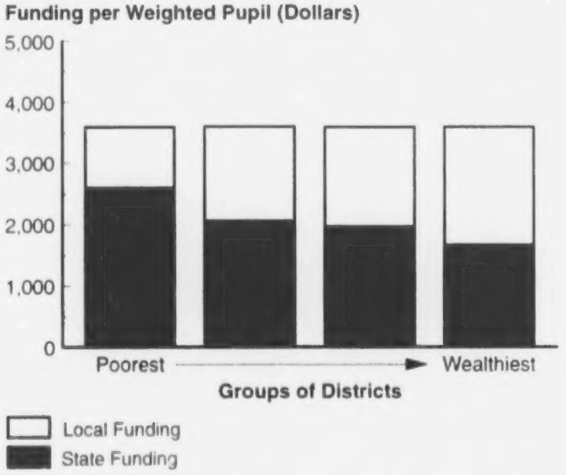


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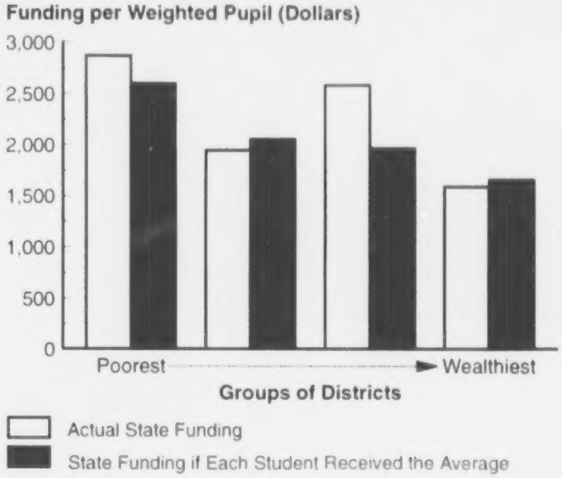
Figure XXXIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Nevada Could Have Spent the Average, School Year 1991-92



State Profile: New Hampshire

Actual Education Funding Distribution in School Year 1991-92

As table XXXIV.1 shows, in school year 1991-92, the state provided about 8 percent of the total funding to New Hampshire's school districts. Total funding (state and local funds combined) per weighted pupil in New Hampshire averaged $5,850 with an implicit foundation level of $764 for each student, which is about 13 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.571, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .238, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXXIV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXIV.1: Summary Data for New Hampshire in School Year 1991-92

Average total funding per weighted pupil[a]	$5,850
State share of total funding (percent)	8.3
Targeting score (state funds)[b]	–.571
Implicit foundation level[c]	$764
Equalization effort[d]	13.1
Fiscal neutrality score[e]	.238

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXXIV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	158	29	19	13	26	71
Total pupils	173,044	34,720	34,262	35,559	32,753	32,750
Poverty rate (percent)	7.6	10.3	6.6	8.1	7.9	5.0
Disabled rate (percent)	11.4	10.5	11.4	11.3	11.6	12.5
Per pupil income	$106,978	$66,877	$83,834	$96,242	$114,078	$172,277
Tax effort[a]	$50.35	$70.96	$61.21	$49.30	$46.67	$40.24

[a] Local funding raised for every $1,000 of district income.

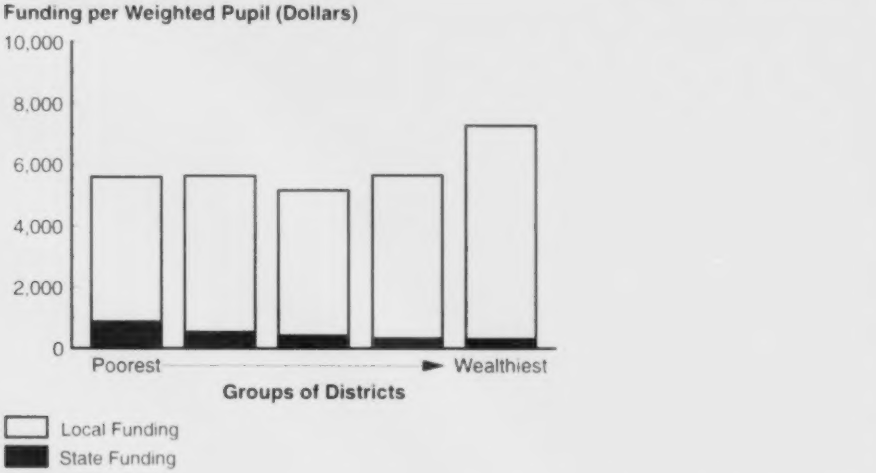
Table XXXIV.3 presents data on how state and local funding was distributed among the five groups of New Hampshire districts. New Hampshire's equalization policies reduced the funding disparity between the wealthy and poor groups from 48 percent to about 30 percent. Figure XXXIV.1 provides table information in graphic form.

Table XXXIV.3: State and Local Funding Distribution in New Hampshire, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$5,364	$4,718	$5,117	$4,741	$5,337	$6,981	1.48
State	486	874	526	425	324	303	0.35
Total	**$5,850**	**$5,592**	**$5,643**	**$5,166**	**$5,661**	**$7,284**	**1.30**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXIV.1: State and Local Funding Distribution in New Hampshire, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXIV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXIV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXIV.3.

Table XXXIV.4: How State and Local Funding Would Have Been Distributed If Each District in New Hampshire Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	**Funding of wealthiest group compared with poorest group[a]**
Local[b]	$5,362	$3,380	$4,222	$4,833	$5,714	$8,586	2.54
State	486	2,470	1,628	1,017	136	-2,736[c]	-1.11
Total[d]	**$5,850**	**$5,850**	**$5,850**	**$5,850**	**$5,850**	**$5,850**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XXXIV.2: How State and Local Funding Would Have Been Distributed If Each District in New Hampshire Could Have Spent the Average, School Year 1991-92

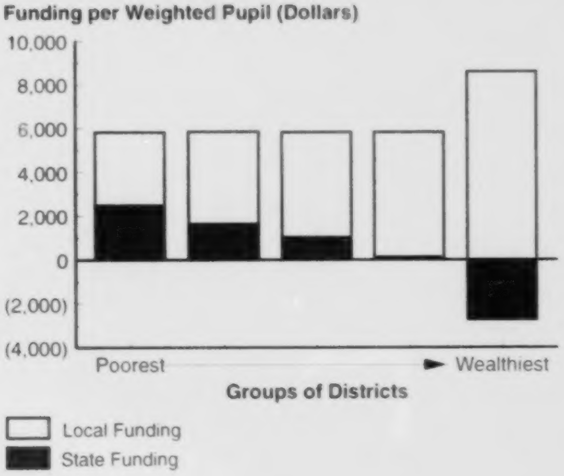
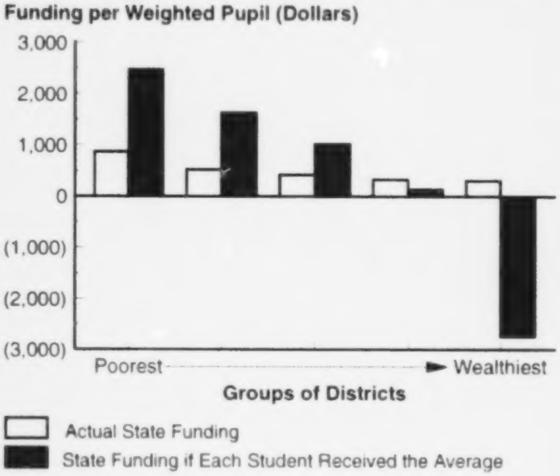


Figure XXXIV.3: Comparison of Actual State Funding With State Funding Assuming Each District in New Hampshire Could Have Spent the Average, School Year 1991-92



State Profile: New Jersey

Actual Education Funding Distribution in School Year 1991-92

As table XXXV.1 shows, in school year 1991-92, the state provided about 43 percent of the total funding to New Jersey's school districts. Total funding (state and local funds combined) per weighted pupil in New Jersey averaged $9,239 with an implicit foundation level of $4,399 for each student, which is about 48 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.104, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .168, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A New Jersey education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXXV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXV.1: Summary Data for New Jersey in School Year 1991-92

Average total funding per weighted pupil[a]	$9,239
State share of total funding (percent)	43.1
Targeting score (state funds)[b]	-.104
Implicit foundation level[c]	$4,399
Equalization effort[d]	47.6
Fiscal neutrality score[e]	.168

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXXV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	550	35	64	98	139	214
Total pupils	1,085,033	216,539	215,008	219,560	216,787	217,139
Poverty rate (percent)	11.3	29.0	12.1	6.0	4.4	5.0
Disabled rate (percent)	16.1	15.2	17.0	16.7	15.9	15.8
Per pupil income	$160,761	$63,855	$101,685	$137,619	$175,659	$324,425
Tax effort[a]	$32.93	$34.85	$38.74	$40.47	$39.11	$24.58

[a] Local funding raised for every $1,000 of district income.

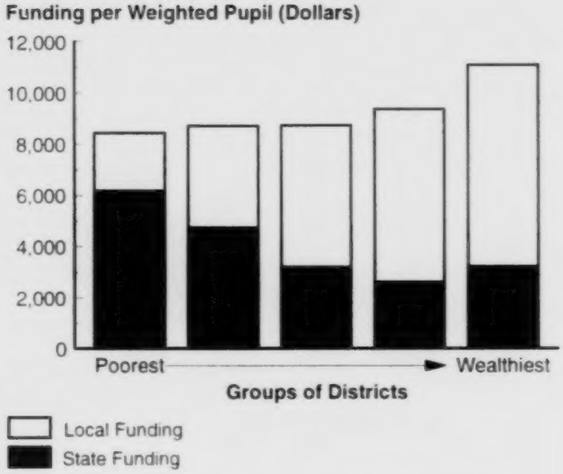
Table XXXV.3 presents data on how state and local funding was distributed among the five groups of New Jersey districts. New Jersey's equalization policies reduced the funding disparity between the wealthy and poor groups from 247 percent to about 31 percent. Figure XXXV.1 provides table information in graphic form.

Table XXXV.3: State and Local Funding Distribution in New Jersey, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$5,255	$2,267	$3,982	$5,555	$6,777	$7,867	3.47
State	3,985	6,167	4,733	3,189	2,601	3,220	0.52
Total	**$9,239**	**$8,434**	**$8,715**	**$8,744**	**$9,377**	**$11,087**	**1.31**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXV.1: State and Local Funding Distribution in New Jersey, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXV.3.

Table XXXV.4: How State and Local Funding Would Have Been Distributed If Each District in New Jersey Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	**Funding of wealthiest group compared with poorest group[a]**
Local[b]	$5,314	$2,056	$3,293	$4,522	$5,831	$10,849	5.28
State	3,925	7,183	5,947	4,718	3,408	-1,609[c]	-0.22
Total[d]	**$9,239**	**$9,239**	**$9,239**	**$9,239**	**$9,239**	**$9,239**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XXXV.2: How State and Local Funding Would Have Been Distributed If Each District in New Jersey Could Have Spent the Average, School Year 1991-92

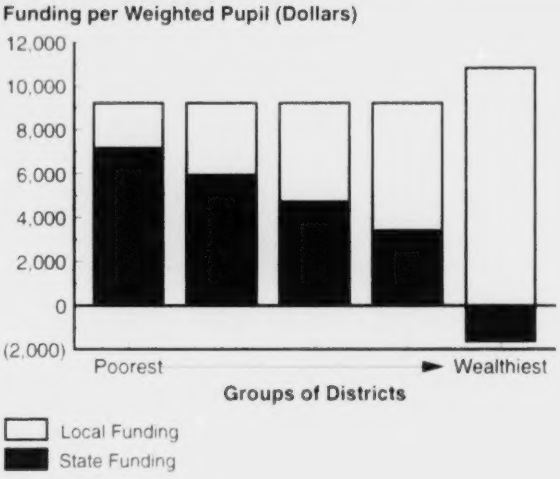
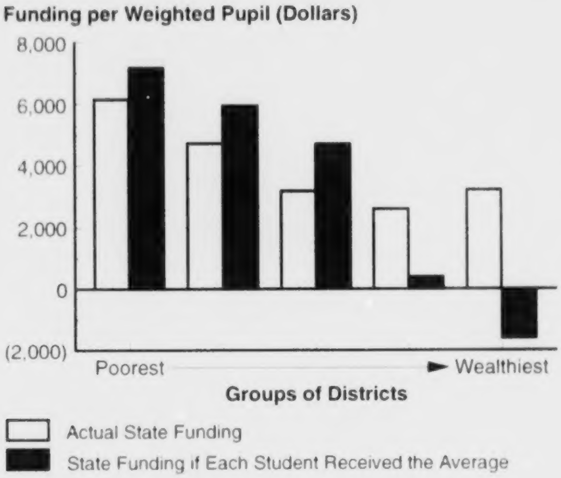


Figure XXXV.3: Comparison of Actual State Funding With State Funding Assuming Each District in New Jersey Could Have Spent the Average, School Year 1991-92



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State Profile: New Mexico

Actual Education Funding Distribution in School Year 1991-92

As table XXXVI.1 shows, in school year 1991-92, the state provided 85 percent of the total funding to New Mexico's school districts. Total funding (state and local funds combined) per weighted pupil in New Mexico averaged $3,830 with an implicit foundation level of $3,254 for each student, which is 85 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[106] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .004, indicating that total funding increased as district income increased.[107] (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXXVI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXVI.1: Summary Data for New Mexico in School Year 1991-92

Average total funding per weighted pupil[a]	$3,830
State share of total funding (percent)	85.0
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$3,254
Equalization effort[d]	85.0
Fiscal neutrality score[e]	.004

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .024, which is not statistically different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[106] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

[107] However, this score is not significantly different from 0.

Table XXXVI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	88	31	26	16	12	3
Total pupils	308,772	61,705	61,908	64,577	103,740	16,842
Poverty rate (percent)	27.6	43.4	27.8	29.3	19.3	13.1
Disabled rate (percent)	12.2	10.9	11.0	11.6	14.4	11.1
Per pupil income	$54,999	$26,342	$44,108	$50,207	$73,453	$104,736
Tax effort[a]	$10.51	$27.48	$13.46	$11.36	$5.72	$9.67

[a] Local funding raised for every $1,000 of district income

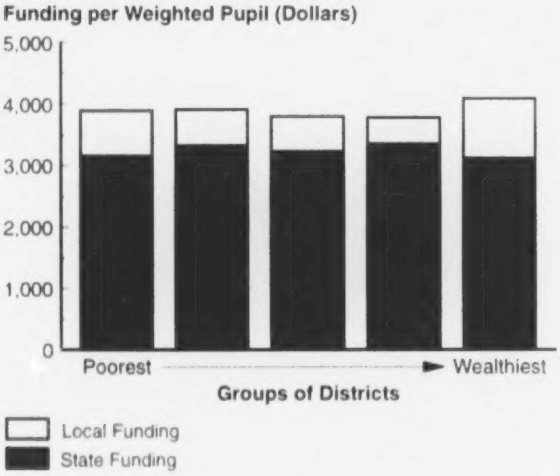
Table XXXVI.3 presents data on how state and local funding was distributed among the five groups of New Mexico districts. New Mexico's equalization policies reduced the funding disparity between the wealthy and poor groups from about 33 percent to about 5 percent. Figure XXXVI.1 provides table information in graphic form.

Table XXXVI.3: State and Local Funding Distribution in New Mexico, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local	$576	$733	$586	$568	$424	$976	1.33
State	3,254	3,159	3,328	3,227	3,353	3,118	0.99
Total	**$3,830**	**$3,891**	**$3,914**	**$3,795**	**$3,776**	**$4,094**	**1.05**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXVI.1: State and Local Funding Distribution in New Mexico, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXVI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXVI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXVI.3.

Table XXXVI.4: How State and Local Funding Would Have Been Distributed If Each District in New Mexico Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	**Funding of wealthiest group compared with poorest group**[a]
Local[b]	$577	$273	$469	$528	$762	$1,138	4.17
State	3,253	3,557	3,362	3,302	3,068	2,693	0.76
Total[c]	**$3,830**	**$3,830**	**$3,830**	**$3,830**	**$3,830**	**$3,830**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXXVI.2: How State and Local Funding Would Have Been Distributed If Each District in New Mexico Could Have Spent the Average, School Year 1991-92

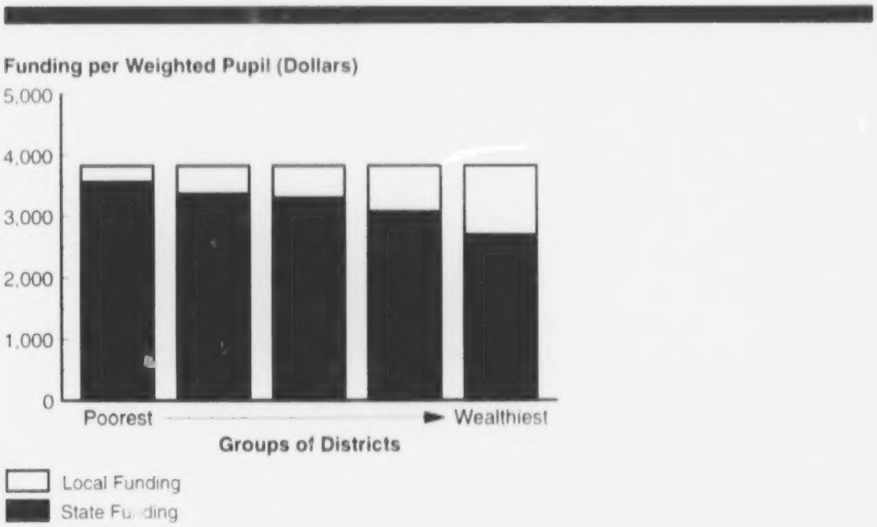
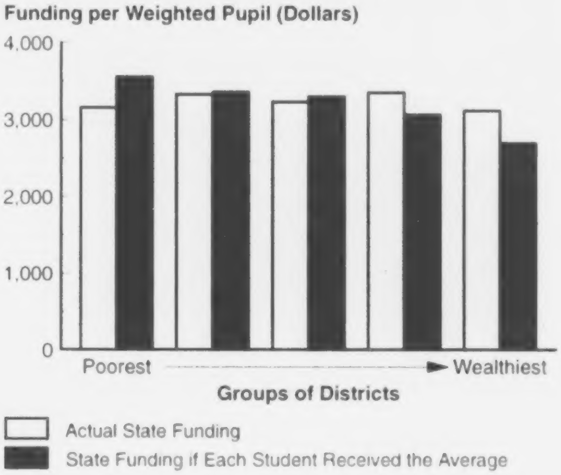


Figure XXXVI.3: Comparison of Actual State Funding With State Funding Assuming Each District in New Mexico Could Have Spent the Average, School Year 1991-92



State Profile: New York

Actual Education Funding Distribution in School Year 1991-92

As table XXXVII.1 shows, in school year 1991-92, the state provided about 43 percent of the total funding to New York's school districts. Total funding (state and local funds combined) per weighted pupil in New York averaged $7,787 with an implicit foundation level of $5,240 for each student, which is about 67 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.578, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .370, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXXVII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXVII.1: Summary Data for New York in School Year 1991-92

Average total funding per weighted pupil[a]	$7,787
State share of total funding (percent)	42.6
Targeting score (state funds)[b]	–.578
Implicit foundation level[c]	$5,240
Equalization effort[d]	67.3
Fiscal neutrality score[e]	.370

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XXXVII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**
Total districts	693	302	144	1[a]	46	200
Total pupils	2,608,699	520,956	447,934	962,269	156,803	520,737
Poverty rate (percent)	18.5	16.7	13.3	30.5	7.6	5.8
Disabled rate (percent)	11.0	10.8	11.0	11.6	10.5	10.5
Mean income per pupil	$114,397	$71,624	$96,585	$109,889	$116,663	$180,157
Tax effort[b]	$39.87	$42.35	$49.54	$25.53	$50.04	$49.75

[a] New York City was the only district in this group.

[b] Local funding raised for every $1,000 of district income.

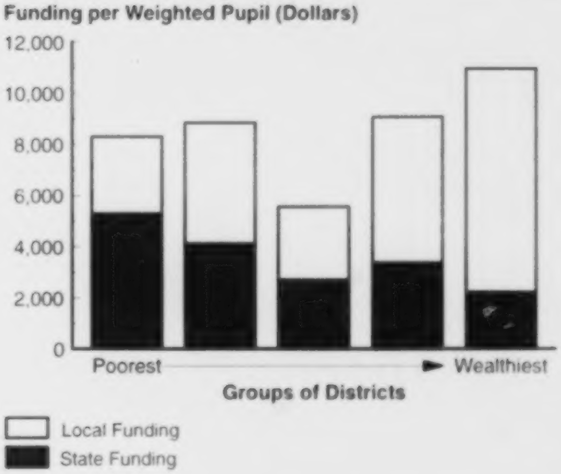
Table XXXVII.3 presents data on how state and local funding was distributed among the five groups of New York districts. New York's equalization policies reduced the funding disparity between the wealthy and poor groups from about 189 percent to 32 percent. Figure XXXVII.1 provides table information in graphic form.

Table XXXVII.3: State and Local Funding Distribution in New York, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local	$4,467	$3,017	$4,738	$2,879	$5,692	$8,719	2.89
State	3,320	5,292	4,116	2,688	3,376	2,231	0.42
Total	**$7,787**	**$8,309**	**$8,853**	**$5,567**	**$9,068**	**$10,950**	**1.32**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXVII.1: State and Local Funding Distribution in New York, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXVII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXVII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXVII.3.

Table XXXVII.4: How State and Local Funding Would Have Been Distributed If Each District in New York Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local[b]	$4,489	$2,816	$3,819	$4,181	$4,676	$7,250	2.58
State	3,298	4,971	3,968	3,606	3,111	537	0.11
Total[c]	**$7,787**	**$7,787**	**$7,787**	**$7,787**	**$7,787**	**$7,787**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXXVII.2: How State and Local Funding Would Have Been Distributed If Each District in New York Could Have Spent the Average, School Year 1991-92

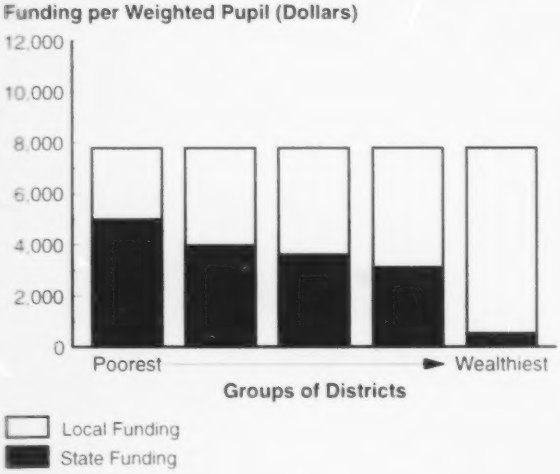


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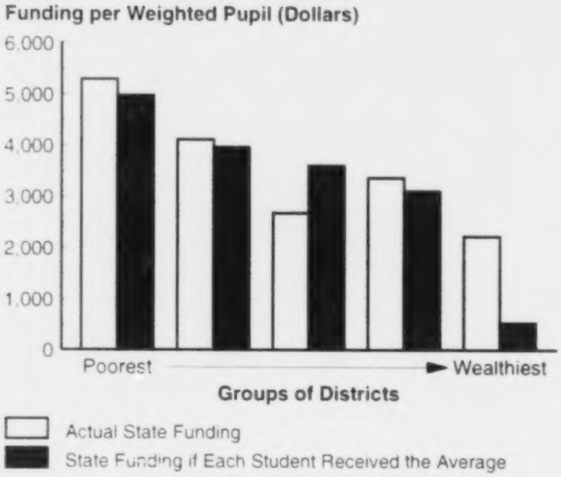
Figure XXXVII.3: Comparison of Actual State Funding With State Funding Assuming Each District in New York Could Have Spent the Average, School Year 1991-92



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State Profile: North Carolina

Actual Education Funding Distribution in School Year 1991-92

As table XXXVIII.1 shows, in school year 1991-92, the state provided about 68 percent of the total funding to North Carolina's school districts. Total funding (state and local funds combined) per weighted pupil in North Carolina averaged $4,424 with an implicit foundation level of $3,043 for each student, which is about 69 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.016, indicating that state education funds were targeted to poor districts.[108] (To compare this score with those of other states, see table V.1 in app. V.) A North Carolina education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). The fiscal neutrality score was .250, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XXXVIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXVIII.1: Summary Data for North Carolina in School Year 1991-92

Average total funding per weighted pupil[a]	$4,424
State share of total funding (percent)	67.7
Targeting score (state funds)[b]	-.016
Implicit foundation level[c]	$3,043
Equalization effort[d]	68.8
Fiscal neutrality score[e]	.250

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[108] However, this score is not significantly different from 0.

Table XXXVIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	132	42	29	27	24	10
Total pupils	1,082,899	210,835	221,949	215,571	209,004	225,540
Poverty rate (percent)	17.1	26.6	16.6	15.8	13.9	12.6
Disabled rate (percent)	11.4	11.2	11.1	12.3	11.6	11.0
Per pupil income	$76,415	$51,667	$64,236	$70,911	$86,835	$107,140
Tax effort[a]	$18.58	$18.77	$17.51	$16.62	$19.88	$19.54

[a] Local funding raised for every $1,000 of district income

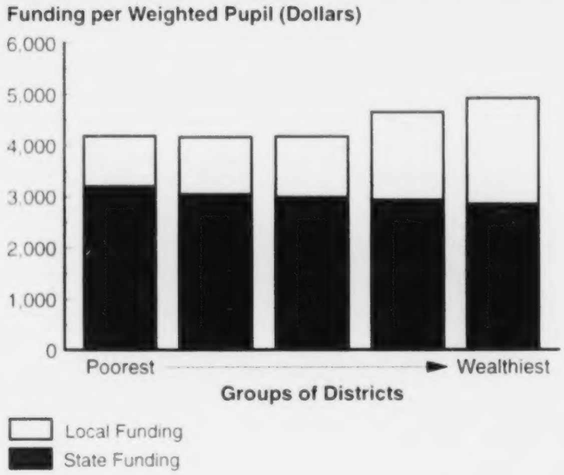
Table XXXVIII.3 presents data on how state and local funding was distributed among the five groups of North Carolina districts. North Carolina's equalization policies reduced the funding disparity between the wealthy and poor groups from about 110 percent to about 18 percent. Figure XXXVIII.1 provides table information in graphic form.

Table XXXVIII.3: State and Local Funding Distribution in North Carolina, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,429	$983	$1,120	$1,188	$1,719	$2,068	2.10
State	2,995	3,200	3,047	2,984	2,935	2,851	0.89
Total	**$4,424**	**$4,183**	**$4,167**	**$4,171**	**$4,654**	**$4,919**	**1.18**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXVIII.1: State and Local Funding Distribution in North Carolina, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXVIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXVIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXVIII.3.

Table XXXVIII.4: How State and Local Funding Would Have Been Distributed If Each District in North Carolina Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a] (percent)
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,433	$955	$1,207	$1,316	$1,632	$2,029	2.13
State	2,991	3,469	3,217	3,107	2,791	2,395	0.69
Total[c]	**$4,424**	**$4,424**	**$4,424**	**$4,242**	**$4,424**	**$4,424**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXXVIII.2: How State and Local Funding Would Have Been Distributed If Each District in North Carolina Could Have Spent the Average, School Year 1991-92

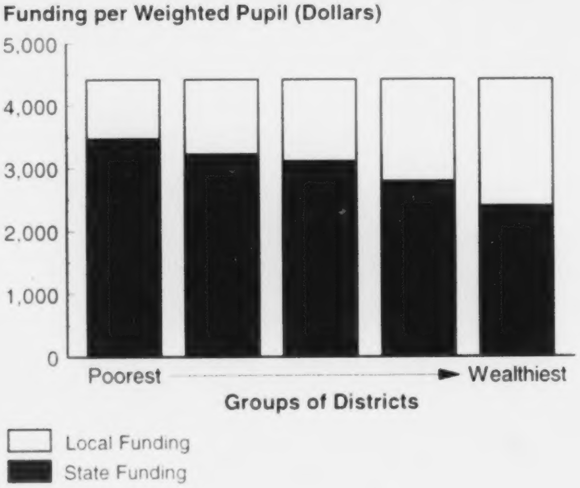


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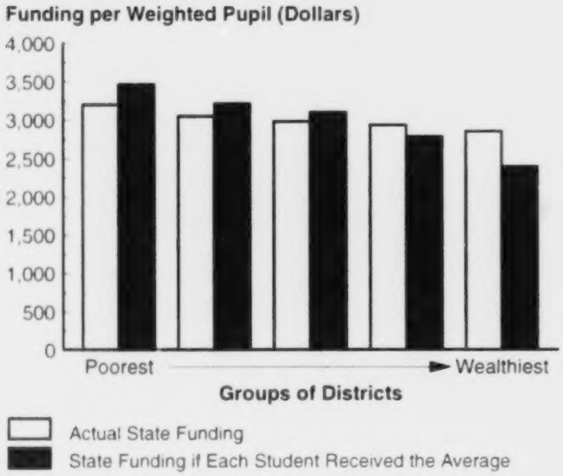
Figure XXXVIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in North Carolina Could Have Spent the Average, School Year 1991-92



State Profile: North Dakota

Actual Education Funding Distribution in School Year 1991-92

As table XXXIX.1 shows, in school year 1991-92, the state provided 48 percent of the total funding to North Dakota's school districts. Total funding (state and local funds combined) per weighted pupil in North Dakota averaged $4,079 with an implicit foundation level of $1,957 for each student, which is 48 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[109] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .236, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A North Dakota education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XXXIX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XXXIX.1: Summary Data for North Dakota in School Year 1991-92

Average total funding per weighted pupil[a]	$4,079
State share of total funding (percent)	48.0
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$1,957
Equalization effort[d]	48.0
Fiscal neutrality score[e]	.236

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .173.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[109] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

Table XXXIX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	251	72	42	37	39	61
Total pupils	117,927	23,694	23,535	23,412	27,694	19,592
Poverty rate (percent)	16.4	23.3	17.3	14.3	13.4	13.5
Disabled rate (percent)	10.4	10.1	11.0	11.3	10.1	9.4
Per pupil income	$58,094	$39,424	$51,292	$57,268	$64,658	$80,555
Tax effort[a]	$37.11	$47.60	$37.25	$36.34	$33.97	$35.24

[a] Local funding raised for every $1,000 of district income.

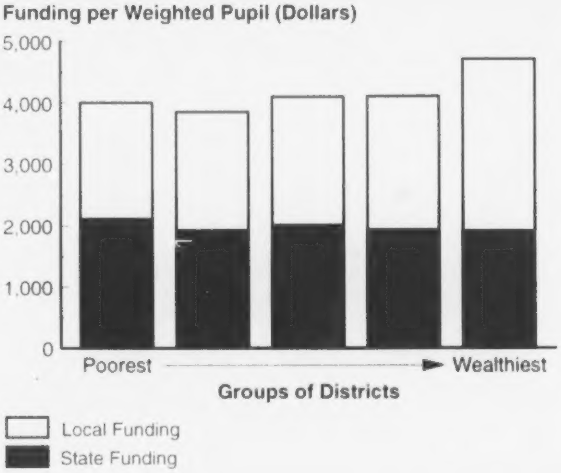
Table XXXIX.3 presents data on how state and local funding was distributed among the five groups of North Dakota districts. North Dakota's equalization policies reduced the funding disparity between the wealthy and poor groups from about 48 percent to about 18 percent. Figure XXXIX.1 provides table information in graphic form.

Table XXXIX.3: State and Local Funding Distribution in North Dakota, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,122	$1,893	$1,927	$2,094	$2,178	$2,793	1.48
State	1,957	2,112	1,924	2,006	1,935	1,916	0.91
Total	**$4,079**	**$4,006**	**$3,851**	**$4,100**	**$4,113**	**$4,709**	**1.18**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XXXIX.1: State and Local Funding Distribution in North Dakota, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XXXIX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XXXIX.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XXXIX.3.

Table XXXIX.4: How State and Local Funding Would Have Been Distributed If Each District in North Dakota Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,131	$1,439	$1,859	$2,080	$2,385	$2,997	2.08
State	1,948	2,641	2,220	1,999	1,694	1,082	0.41
Total[c]	**$4,079**	**$4,079**	**$4,079**	**$4,079**	**$4,079**	**$4,079**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XXXIX.2: How State and Local Funding Would Have Been Distributed If Each District in North Dakota Could Have Spent the Average, School Year 1991-92

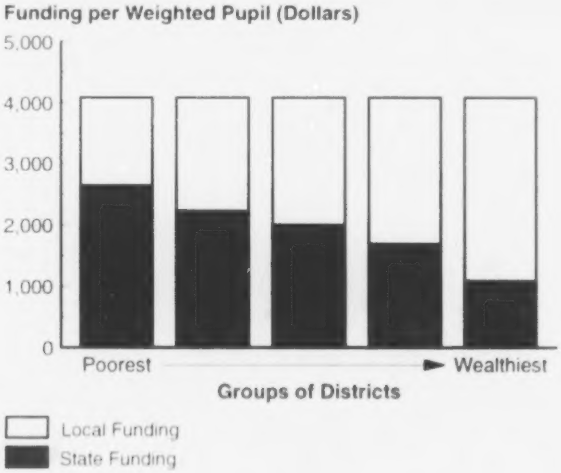
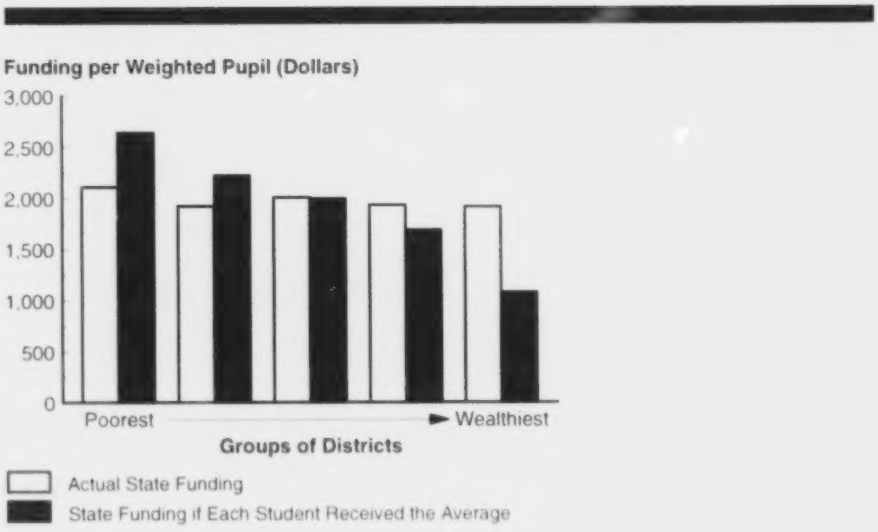


Figure XXXIX.3: Comparison of Actual State Funding With State Funding Assuming Each District in North Dakota Could Have Spent the Average, School Year 1991-92



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State Profile: Ohio

Actual Education Funding Distribution in School Year 1991-92

As table XL.1 shows, in school year 1991-92, the state provided about 42 percent of the total funding to Ohio's school districts. Total funding (state and local funds combined) per weighted pupil in Ohio averaged $4,709 with an implicit foundation level of $2,325 for each student, which is about 49 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.180, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .315, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) An Ohio education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XL.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XL.1: Summary Data for Ohio in School Year 1991-92

Average total funding per weighted pupil[a]	$4,709
State share of total funding (percent)	41.9
Targeting score (state funds)[b]	–.180
Implicit foundation level[c]	$2,325
Equalization effort[d]	49.4
Fiscal neutrality score[e]	.315

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XL.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	607	194	130	97	94	92
Total pupils	1,774,710	354,716	357,256	355,695	352,452	354,591
Poverty rate (percent)	16.9	22.4	20.6	19.1	12.9	9.6
Disabled rate (percent)	11.3	11.1	12.0	11.6	10.7	11.0
Per pupil income	$80,781	$52,436	$64,691	$73,820	$88,110	$125,043
Tax effort[a]	$33.75	$37.27	$33.27	$34.01	$32.51	$33.55

[a] Local funding raised for every $1,000 of district income.

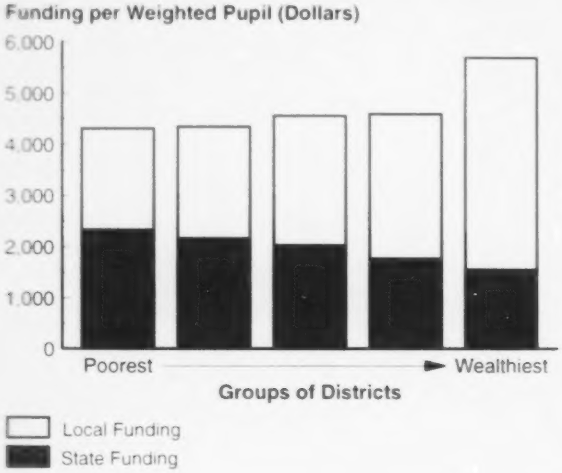
Table XL.3 presents data on how state and local funding was distributed among the five groups of Ohio districts. Ohio's equalization policies reduced the funding disparity between the wealthy and poor groups from about 110 to 32 percent. Figure XL.1 provides table information in graphic form.

Table XL.3: State and Local Funding Distribution in Ohio, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,738	$1,969	$2,182	$2,529	$2,826	$4,132	2.10
State	1,971	2,336	2,164	2,030	1,766	1,556	0.67
Total	**$4,709**	**$4,305**	**$4,346**	**$4,559**	**$4,592**	**$5,688**	**1.32**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XL.1: State and Local Funding Distribution in Ohio, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XL.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XL.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XL.3.

Table XL.4: How State and Local Funding Would Have Been Distributed If Each District in Ohio Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	Funding of wealthiest group compared with poorest group[a]
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,751	$1,765	$2,168	$2,487	$3,031	$4,311	2.44
State	1,958	2,944	2,541	2,222	1,678	398	0.14
Total[c]	**$4,709**	**$4,709**	**$4,709**	**$4,709**	**$4,709**	**$4,709**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XL.2: How State and Local Funding Would Have Been Distributed If Each District in Ohio Could Have Spent the Average, School Year 1991-92

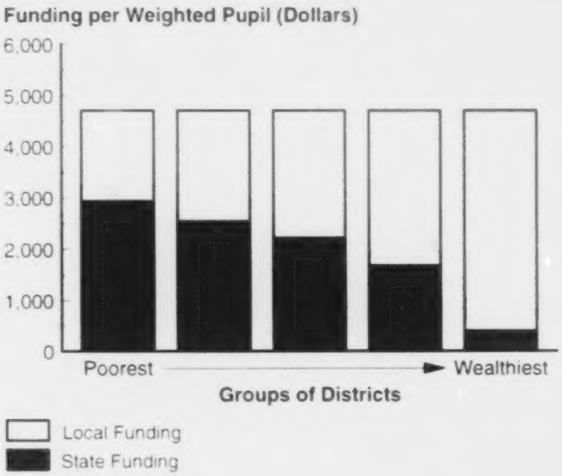
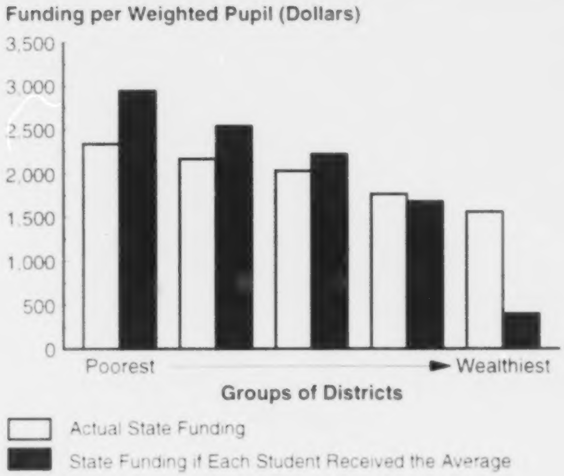


Figure XL.3: Comparison of Actual State Funding With State Funding Assuming Each District in Ohio Could Have Spent the Average, School Year 1991-92



State Profile: Oklahoma

Actual Education Funding Distribution in School Year 1991-92

As table XLI.1 shows, in school year 1991-92, the state provided about 71 percent of the total funding to Oklahoma's school districts. Total funding (state and local funds combined) per weighted pupil in Oklahoma averaged $3,623 with an implicit foundation level of $2,838 for each student, which is about 78 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.102, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was –.053, indicating that total funding increased as district income decreased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XLI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLI.1: Summary Data for Oklahoma in School Year 1991-92

Average total funding per weighted pupil[a]	$3,623
State share of total funding (percent)	71.1
Targeting score (state funds)[b]	–.102
Implicit foundation level[c]	$2,838
Equalization effort[d]	78.3
Fiscal neutrality score[e]	–.053

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table XLI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	565	184	124	77	122	58
Total pupils	583,670	116,050	117,306	114,866	116,972	118,476
Poverty rate (percent)	20.9	26.6	22.6	17.1	15.9	22.4
Disabled rate (percent)	11.4	12.2	10.4	10.5	10.8	13.2
Per pupil income	$64,014	$39,994	$51,158	$57,806	$73,948	$96,483
Tax effort[a]	$16.45	$19.55	$19.51	$16.19	$16.53	$13.67

[a] Local funding raised for every $1,000 of district income

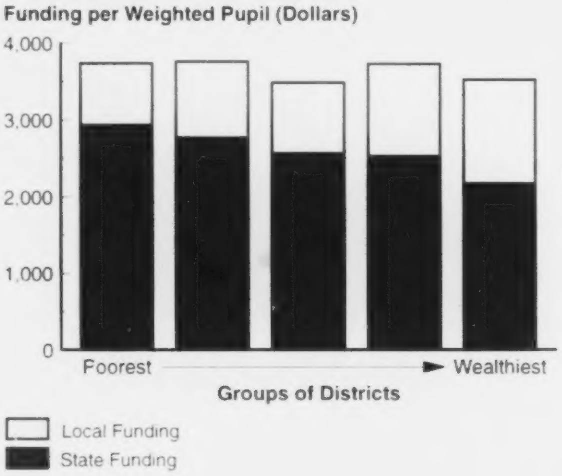
Table XLI.3 presents data on how state and local funding was distributed among the five groups of Oklahoma districts. Oklahoma's equalization policies eliminated the 69 percent funding disparity between the wealthy and poor groups, resulting in poor districts having about 6 percent more funding than wealthy districts. Figure XLI.1 provides table information in graphic form.

Table XLI.3: State and Local Funding Distribution in Oklahoma, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,047	$796	$989	$920	$1,204	$1,349	1.69
State	2,575	2,939	2,769	2,569	2,529	2,179	0.74
Total	**$3,623**	**$3,735**	**$3,758**	**$3,489**	**$3,732**	**$3,528**	**0.94**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLI.1: State and Local Funding Distribution in Oklahoma, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLI.3.

Table XLI.4: How State and Local Funding Would Have Been Distributed If Each District in Oklahoma Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,048	$644	$846	$963	$1,232	$1,547	2.40
State	2,574	2,979	2,777	2,660	2,391	2,076	0.70
Total[c]	**$3,623**	**$3,623**	**$3,623**	**$3,623**	**$3,623**	**$3,623**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLI.2: How State and Local Funding Would Have Been Distributed If Each District in Oklahoma Could Have Spent the Average, School Year 1991-92

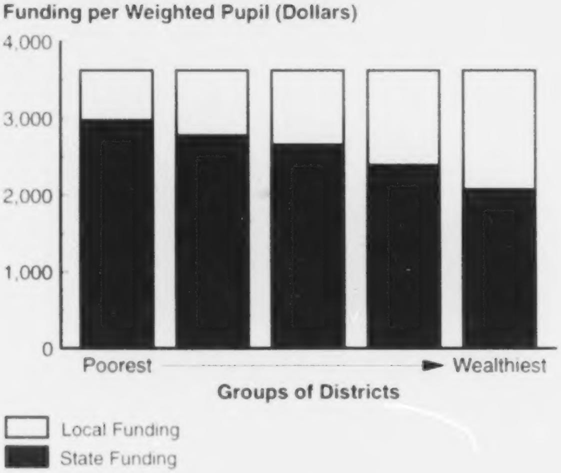
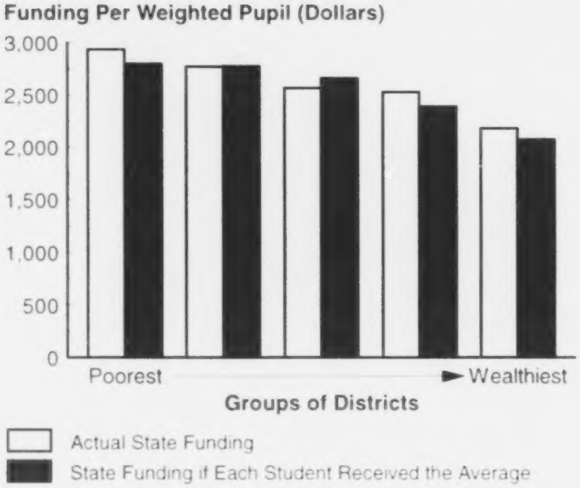


Figure XLI.3: Comparison of Actual State Funding With State Funding Assuming Each District in Oklahoma Could Have Spent the Average, School Year 1991-92



Appendix XLII

State Profile: Oregon

Actual Education Funding Distribution in School Year 1991-92

As table XLII.1 shows, in school year 1991-92, the state provided about 31 percent of the total funding to Oregon's school districts. Total funding (state and local funds combined) per weighted pupil in Oregon averaged $5,087 with an implicit foundation level of $1,652 for each student, which is about 33 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.043, indicating that state education funds were targeted to poor districts.[110] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .166, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) An Oregon education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XLII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLII.1: Summary Data for Oregon in School Year 1991-92

Average total funding per weighted pupil[a]	$5,087
State share of total funding (percent)	31.1
Targeting score (state funds)[b]	–.043
Implicit foundation level[c]	$1,652
Equalization effort[d]	32.5
Fiscal neutrality score[e]	.166

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[110] However, this score is not significantly different from 0.

Table XLII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	286	91	51	31	37	76
Total pupils	497,341	100,064	98,967	100,194	104,705	93,411
Poverty rate (percent)	15.2	19.4	16.7	14.7	9.9	15.5
Disabled rate (percent)	9.3	10.0	9.6	9.5	8.7	9.0
Per pupil income	$85,350	$55,212	$67,246	$78,331	$95,185	$133,320
Tax effort[a]	$41.09	$53.06	$45.46	$40.97	$42.27	$32.74

[a] Local funding raised for every $1,000 of district income.

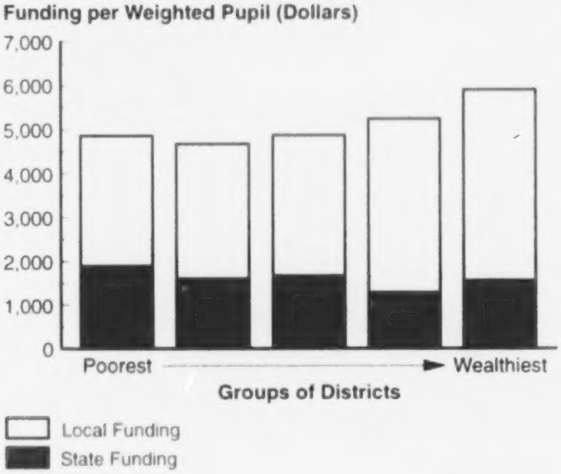
Table XLII.3 presents data on how state and local funding was distributed among the five groups of Oregon districts. Oregon's equalization policies reduced the funding disparity between the wealthy and poor groups from about 46 to 22 percent. Figure XLII.1 provides table information in graphic form.

Table XLII.3: State and Local Funding Distribution in Oregon, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$3,503	$2,972	$3,073	$3,211	$3,957	$4,351	1.46
State	1,584	1,888	1,602	1,664	1,285	1,559	0.83
Total	**$5,087**	**$4,860**	**$4,675**	**$4,875**	**$5,242**	**$5,910**	**1.22**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLII.1: State and Local Funding Distribution in Oregon, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLII.3.

Table XLII.4: How State and Local Funding Would Have Been Distributed If Each District in Oregon Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,515	$2,236	$2,748	$3,216	$3,975	$5,505	2.46
State	1,571	2,850	2,339	1,871	1,112	-418[c]	-0.15
Total[d]	**$5,087**	**$5,087**	**$5,087**	**$5,087**	**$5,087**	**$5,087**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure XLII.2: How State and Local Funding Would Have Been Distributed If Each District in Oregon Could Have Spent the Average, School Year 1991-92

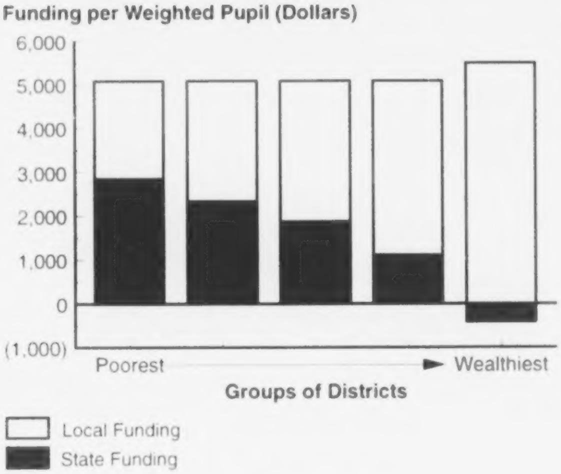
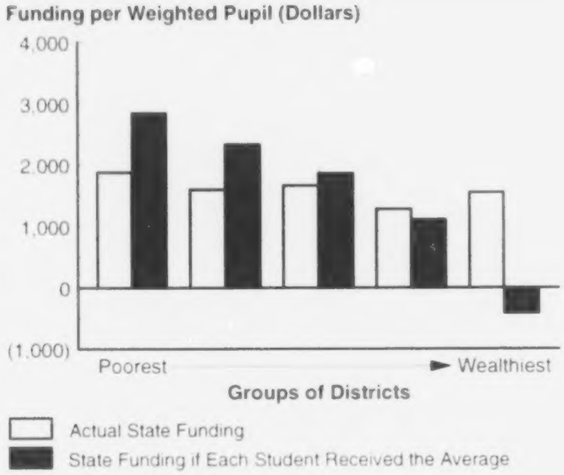


Figure XLII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Oregon Could Have Spent the Average, School Year 1991-92



State Profile: Pennsylvania

Actual Education Funding Distribution in School Year 1991-92

As table XLIII.1 shows, in school year 1991-92, the state provided 43 percent of the total funding to Pennsylvania's school districts. Total funding (state and local funds combined) per weighted pupil in Pennsylvania averaged $6,406 with an implicit foundation level of $3,455 for each student, which is about 54 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was -.255, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .300, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XLIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLIII.1: Summary Data for Pennsylvania in School Year 1991-92

Average total funding per weighted pupil[a]	$6,406
State share of total funding (percent)	43.0
Targeting score (state funds)[b]	-.255
Implicit foundation level[c]	$3,455
Equalization effort[d]	53.9
Fiscal neutrality score[e]	.300

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XLIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	500	158	118	51	77	96
Total pupils	1,663,264	332,301	332,621	331,441	333,339	333,562
Poverty rate (percent)	15.2	20.3	14.0	22.4	13.8	5.9
Disabled rate (percent)	10.8	11.4	10.9	10.8	10.8	10.0
Per pupil income	$99,378	$63,705	$81,640	$91,116	$106,597	$153,601
Tax effort[a]	$36.63	$36.67	$37.04	$30.99	$39.05	$38.27

[a] Local funding raised for every $1,000 of district income

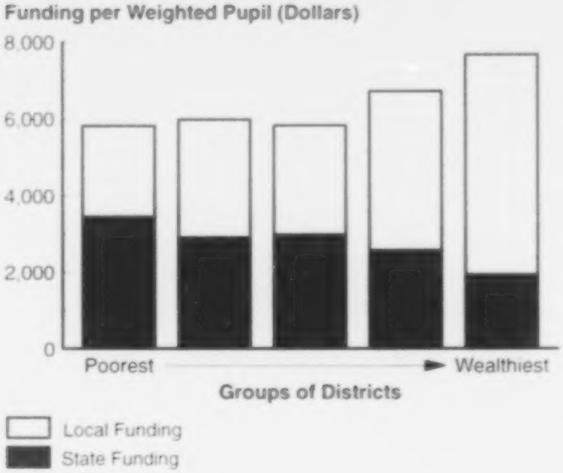
Table XLIII.3 presents data on how state and local funding was distributed among the five groups of Pennsylvania districts. Pennsylvania's equalization policies reduced the funding disparity between the wealthy and poor groups from about 142 to 32 percent. Figure XLIII.1 provides table information in graphic form.

Table XLIII.3: State and Local Funding Distribution in Pennsylvania, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local	$3,653	$2,371	$3,071	$2,859	$4,154	$5,733	2.42
State	2,753	3,441	2,907	2,975	2,576	1,941	0.56
Total	**$6,406**	**$5,812**	**$5,978**	**$5,833**	**$6,730**	**$7,674**	**1.32**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLIII.1: State and Local Funding Distribution in Pennsylvania, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLIII.3.

Table XLIII.4: How State and Local Funding Would Have Been Distributed If Each District in Pennsylvania Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,672	$2,311	$3,007	$3,312	$3,935	$5,788	2.50
State	$2,734	4,095	3,399	3,094	2,471	618	0.15
Total[c]	**$6,406**	**$6,406**	**$6,406**	**$6,406**	**$6,406**	**$6,406**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLIII.2: How State and Local Funding Would Have Been Distributed If Each District in Pennsylvania Could Have Spent the Average, School Year 1991-92

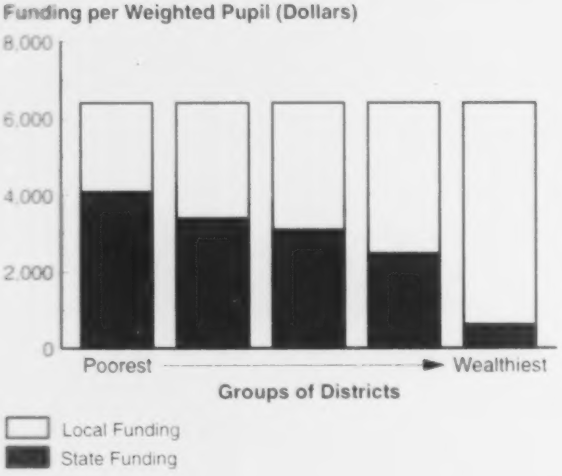
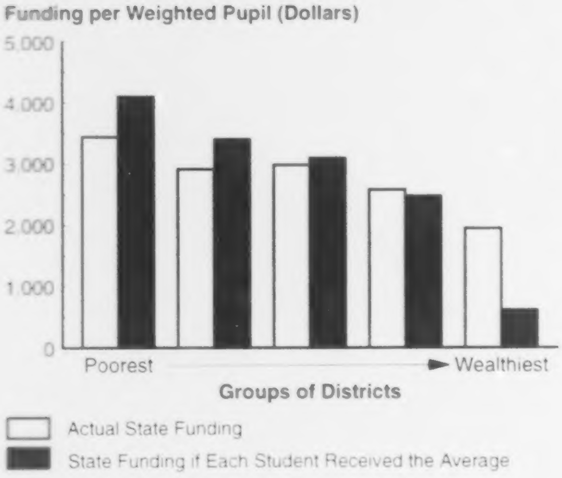


Figure XLIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Pennsylvania Could Have Spent the Average, School Year 1991-92



State Profile: Rhode Island

Actual Education Funding Distribution in School Year 1991-92

As table XLIV.1 shows, in school year 1991-92, the state provided about 39 percent of the total funding to Rhode Island's school districts. Total funding (state and local funds combined) per weighted pupil in Rhode Island averaged $5,939 with an implicit foundation level of $3,953 for each student, which is about 67 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.694, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .274, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Rhode Island education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XLIV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLIV.1: Summary Data for Rhode Island in 1991-92

Average total funding per weighted pupil[a]	$5,939
State share of total funding (percent)	39.3
Targeting score (state funds)[b]	–.694
Implicit foundation level[c]	$3,953
Equalization effort[d]	66.6
Fiscal neutrality score[e]	.274

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XLIV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	37	5	6	6	5	15
Total pupils	141,364	37,661	19,662	28,335	29,743	25,963
Poverty rate (percent)	12.8	26.7	5.0	9.9	7.7	7.3
Disabled rate (percent)	14.7	13.6	13.9	15.4	16.0	14.8
Per pupil income	$108,151	$79,842	$95,443	$109,764	$118,827	$144,847
Tax effort[a]	$33.60	$31.54	$41.78	$29.66	$35.48	$32.86

[a] Local funding raised for every $1,000 of district income.

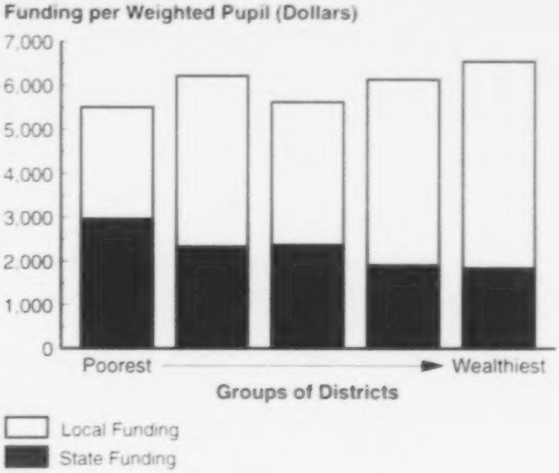
Table XLIV.3 presents data on how state and local funding was distributed among the five groups of Rhode Island districts. Rhode Island's equalization policies reduced the funding disparity between the wealthy and poor groups from about 85 to 19 percent. Figure XLIV.1 provides table information in graphic form.

Table XLIV.3: State and Local Funding Distribution in Rhode Island, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local	$3,606	$2,546	$3,901	$3,264	$4,239	$4,719	1.85
State	2,333	2,961	2,325	2,365	1,904	1,834	0.62
Total	**$5,939**	**$5,507**	**$6,226**	**$5,629**	**$6,144**	**$6,553**	**1.19**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLIV.1: State and Local Funding Distribution in Rhode Island, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLIV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLIV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLIV.3.

Table XLIV.4: How State and Local Funding Would Have Been Distributed If Each District in Rhode Island Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,610	$2,639	$3,253	$3,653	$3,940	$4,865	1.84
State	2,329	3,300	2,686	2,286	1,998	1,074	0.33
Total[c]	**$5,939**	**$5,939**	**$5,939**	**$5,939**	**$5,939**	**$5,939**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLIV.2: How State and Local Funding Would Have Been Distributed If Each District in Rhode Island Could Have Spent the Average, School Year 1991-92

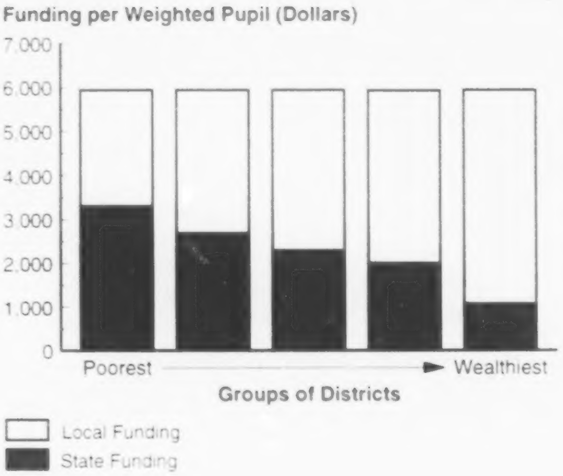
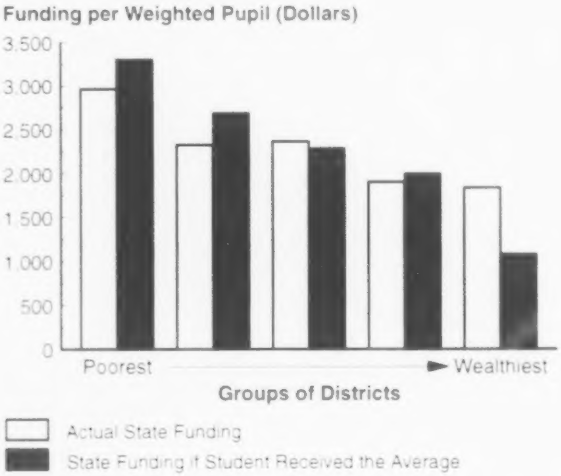


Figure XLIV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Rhode Island Could Have Spent the Average, School Year 1991-92



State Profile: South Carolina

Actual Education Funding Distribution in School Year 1991-92

As table XLV.1 shows, in school year 1991-92, the state provided about 52 percent of the total funding to South Carolina's school districts. Total funding (state and local funds combined) per weighted pupil in South Carolina averaged $4,112 with an implicit foundation level of $3,239 for each student, which is about 79 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.505, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .150, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XLV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLV.1: Summary Data for South Carolina in School Year 1991-92

Average total funding per weighted pupil[a]	$4,112
State share of total funding (percent)	52.4
Targeting score (state funds)[b]	–.505
Implicit foundation level[c]	$3,239
Equalization effort[d]	78.8
Fiscal neutrality score[e]	.150

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table XLV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	91	36	24	15	11	5
Total pupils	625,839	127,515	125,497	122,407	110,791	139,629
Poverty rate (percent)	20.8	29.8	22.2	14.7	16.4	20.2
Disabled rate (percent)	10.9	10.7	11.5	9.7	11.4	11.4
Per pupil income	$65,707	$44,530	$56,351	$65,417	$73,981	$87,143
Tax effort[a]	$29.70	$30.40	$31.82	$29.03	$32.92	$26.48

[a] Local funding raised for every $1,000 of district income.

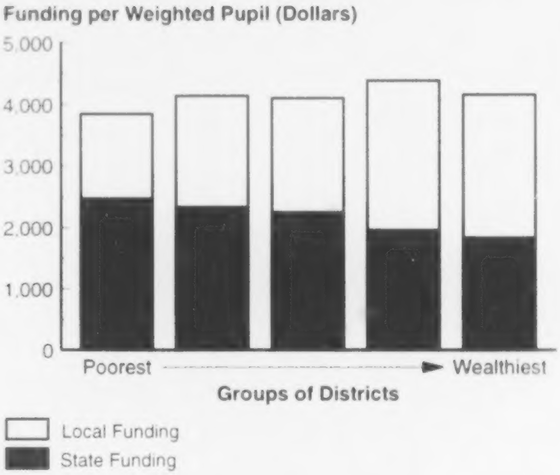
Table XLV.3 presents data on how state and local funding was distributed among the five groups of South Carolina districts. South Carolina's equalization policies reduced the funding disparity between the wealthy and poor groups from about 69 to 8 percent. Figure XLV.1 provides table information in graphic form.

Table XLV.3: State and Local Funding Distribution in South Carolina, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local	$1,959	$1,371	$1,807	$1,854	$2,429	$2,317	1.69
State	2,153	2,470	2,328	2,242	1,949	1,834	0.74
Total	**$4,112**	**$3,840**	**$4,136**	**$4,096**	**$4,378**	**$4,151**	**1.08**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLV.1: State and Local Funding Distribution in South Carolina, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLV.3.

Table XLV.4: How State and Local Funding Would Have Been Distributed If Each District in South Carolina Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,964	$1,319	$1,669	$1,998	$2,216	$2,589	1.96
State	2,148	2,793	2,444	2,115	1,897	1,523	0.55
Total[c]	**$4,112**	**$4,112**	**$4,112**	**$4,112**	**$4,112**	**$4,112**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLV.2: How State and Local Funding Would Have Been Distributed If Each District in South Carolina Could Have Spent the Average, School Year 1991-92

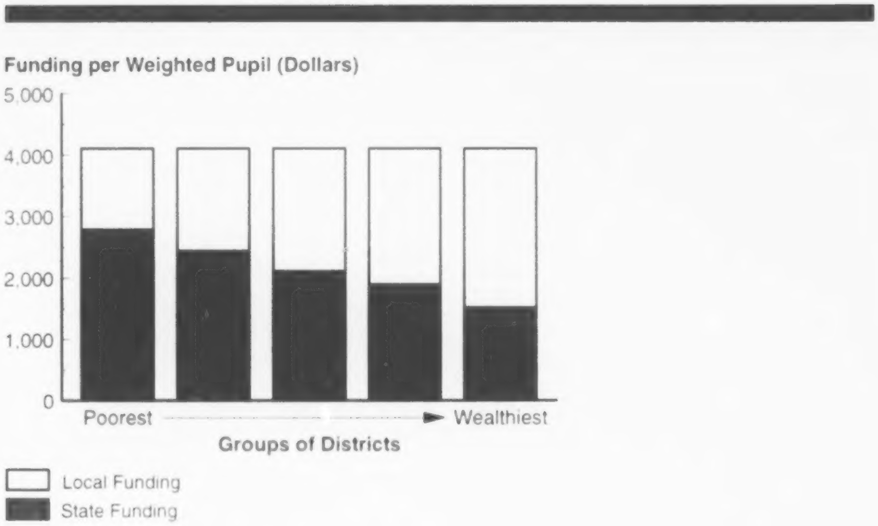
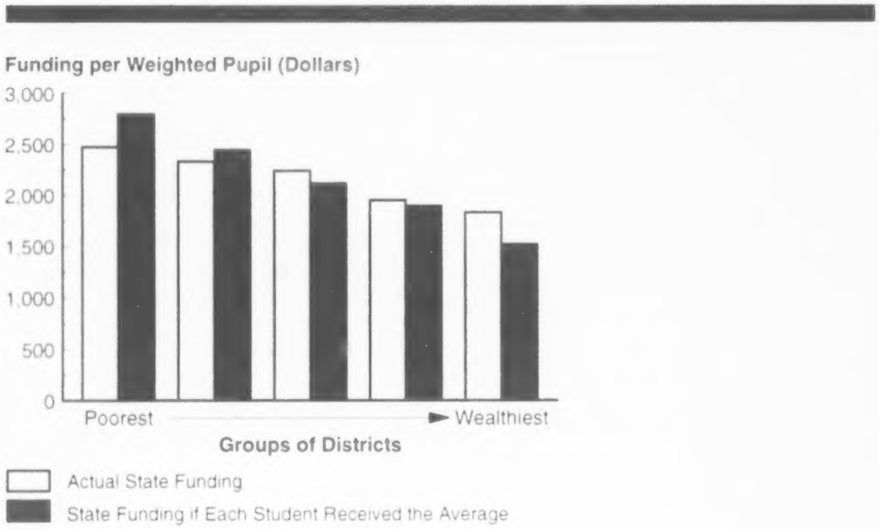


Figure XLV.3: Comparison of Actual State Funding With State Funding Assuming Each District in South Carolina Could Have Spent the Average, School Year 1991-92



State Profile: South Dakota

Actual Education Funding Distribution in School Year 1991-92

As table XLVI.1 shows, in school year 1991-92, the state provided about 30 percent of the total funding to South Dakota's school districts. Total funding (state and local funds combined) per weighted pupil in South Dakota averaged $3,756 with an implicit foundation level of $1,109 for each student, which is about 30 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[111] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .367, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table XLVI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLVI.1: Summary Data for South Dakota in School Year 1991-92

Average total funding per weighted pupil[a]	$3,756
State share of total funding (percent)	29.5
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$1,109
Equalization effort[d]	29.5
Fiscal neutrality score[e]	.367

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .116, which is not statistically different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[111] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

Table XLVI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	161	55	47	24	20	15
Total pupils	124,665	25,208	22,748	31,388	20,232	25,089
Poverty rate (percent)	18.2	29.1	20.6	16.0	14.3	11.2
Disabled rate (percent)	9.8	10.8	8.7	8.8	9.5	11.5
Per pupil income	$57,440	$37,717	$50,120	$57,730	$63,374	$78,745
Tax effort[a]	$46.52	$50.90	$54.34	$46.47	$44.77	$41.36

[a] Local funding raised for every $1,000 of district income.

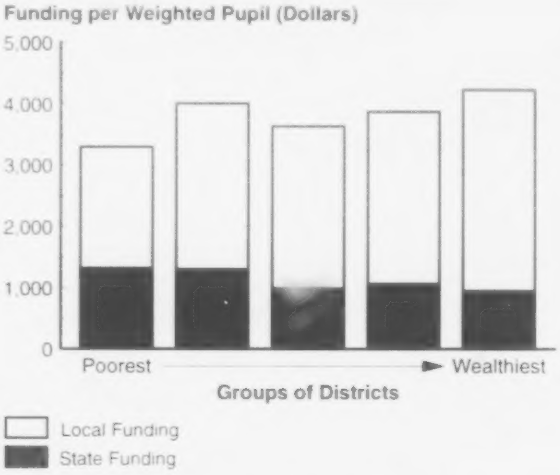
Table XLVI.3 presents data on how state and local funding was distributed among the five groups of South Dakota districts. South Dakota's equalization policies reduced the funding disparity between the wealthy and poor groups from about 66 to 28 percent. Figure XLVI.1 provides table information in graphic form.

Table XLVI.3: State and Local Funding Distribution in South Dakota, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,648	$1,977	$2,698	$2,642	$2,807	$3,276	1.66
State	1,109	1,320	1,305	994	1,069	952	0.72
Total	**$3,756**	**$3,297**	**$4,003**	**$3,636**	**$3,876**	**$4,228**	**1.28**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLVI.1: State and Local Funding Distribution in South Dakota, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLVI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLVI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLVI.3.

Table XLVI.4: How State and Local Funding Would Have Been Distributed If Each District in South Dakota Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,658	$1,705	$2,339	$2,703	$2,954	$3,608	2.12
State	1,099	2,052	1,418	1,053	802	148	0.07
Total[c]	**$3,756**	**$3,756**	**$3,756**	**$3,756**	**$3,756**	**$3,756**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLVI.2: How State and Local Funding Would Have Been Distributed If Each District in South Dakota Could Have Spent the Average, School Year 1991-92

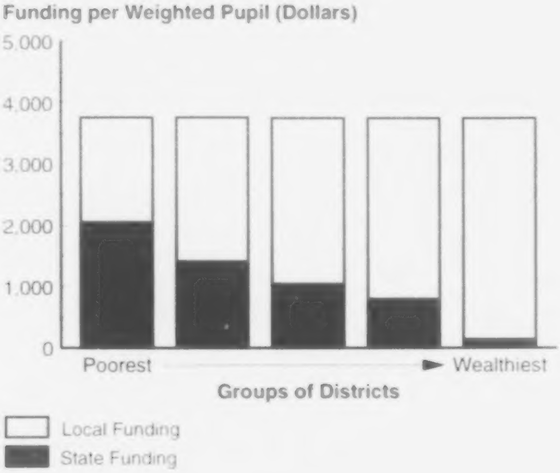
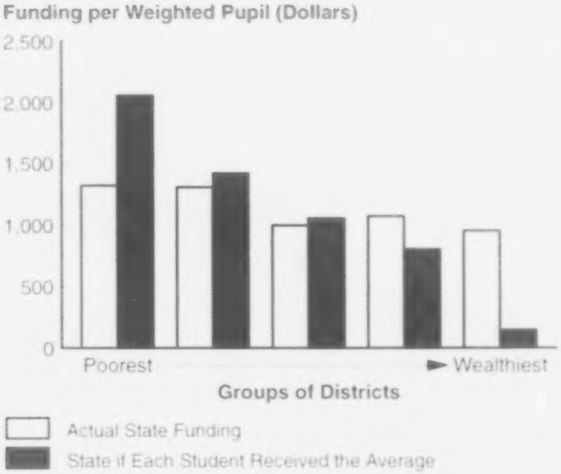


Figure XLVI.3: Comparison of Actual State Funding With State Funding Assuming Each District in South Dakota Could Have Spent the Average, School Year 1991-92



State Profile: Tennessee

Actual Education Funding Distribution in School Year 1991-92

As table XLVII.1 shows, in school year 1991-92, the state provided 47 percent of the total funding to Tennessee's school districts. Total funding (state and local funds combined) per weighted pupil in Tennessee averaged $3,329 with an implicit foundation level of $1,566 for each student, which is 47 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[112] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .242, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) A Tennessee education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XLVII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLVII.1: Summary Data for Tennessee in School Year 1991-92

Average total funding per weighted pupil[a]	$3,329
State share of total funding (percent)	47.0
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$1,566
Equalization effort[d]	47.0
Fiscal neutrality score[e]	.242

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .017, which is not statistically different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[112] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

Table XLVII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	134	45	38	16	26	9
Total pupils	830,038	162,495	168,648	175,240	137,994	185,661
Poverty rate (percent)	20.4	22.8	19.4	26.8	17.6	15.4
Disabled rate (percent)	11.9	13.1	12.9	10.4	12.1	11.2
Per pupil income	$70,681	$45,784	$58,753	$65,648	$80,007	$101,123
Tax effort[a]	$24.82	$29.77	$21.53	$29.62	$24.32	$22.13

[a] Local funding raised for every $1,000 of district income.

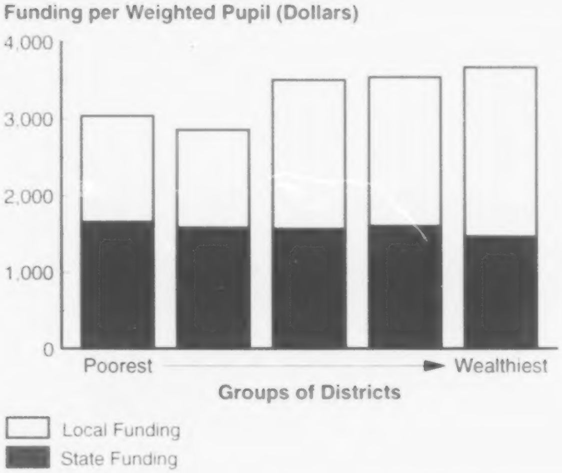
Table XLVII.3 presents data on how state and local funding was distributed among the five groups of Tennessee districts. Tennessee's equalization policies reduced the funding disparity between the wealthy and poor groups from about 59 to 21 percent. Figure XLVII.1 provides table information in graphic form.

Table XLVII.3: State and Local Funding Distribution in Tennessee, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,763	$1,386	$1,276	$1,934	$1,941	$2,202	1.59
State	1,566	1,653	1,580	1,567	1,601	1,469	0.89
Total	**$3,329**	**$3,038**	**$2,856**	**$3,501**	**$3,541**	**$3,671**	**1.21**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLVII.1: State and Local Funding Distribution in Tennessee, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLVII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLVII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLVII.3.

Table XLVII.4: How State and Local Funding Would Have Been Distributed If Each District in Tennessee Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,770	$1,125	$1,452	$1,647	$2,004	$2,566	2.28
State	1,559	2,205	1,877	1,682	1,325	763	0.35
Total[c]	**$3,329**	**$3,329**	**$3,329**	**$3,329**	**$3,329**	**$3,329**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLVII.2: How State and Local Funding Would Have Been Distributed If Each District in Tennessee Could Have Spent the Average, School Year 1991-92

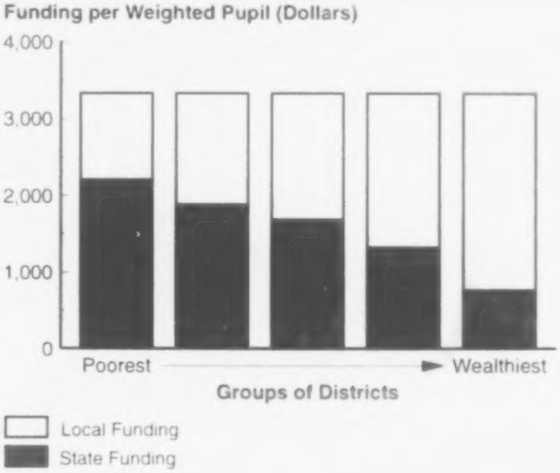
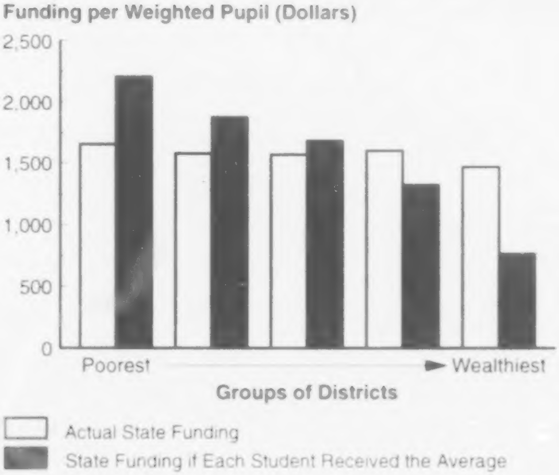


Figure XLVII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Tennessee Could Have Spent the Average, School Year 1991-92



State Profile: Texas

Actual Education Funding Distribution in School Year 1991-92

As table XLVIII.1 shows, in school year 1991-92, the state provided about 47 percent of the total funding to Texas' school districts. Total funding (state and local funds combined) per weighted pupil in Texas averaged $4,603 with an implicit foundation level of $3,318 for each student, which is about 72 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.522, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .003, indicating that total funding increased as district income increased.[113] (To compare this score with those of other states, see fig. 1.) A Texas education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XLVIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLVIII.1: Summary Data for Texas in School Year 1991-92

Average total funding per weighted pupil[a]	$4,603
State share of total funding (percent)	47.4
Targeting score (state funds)[b]	–.522
Implicit foundation level[c]	$3,318
Equalization effort[d]	72.1
Fiscal neutrality score[e]	.003

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[113] However, this score is not significantly different from 0.

Table XLVIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	1,046	222	326	256	80	162
Total pupils	3,462,964	693,672	691,190	700,596	692,550	684,956
Poverty rate (percent)	24.4	42.2	23.8	17.2	21.2	17.6
Disabled rate (percent)	9.9	9.1	10.4	10.7	9.9	9.5
Per pupil income	$62,842	$30,006	$51,336	$63,427	$73,839	$95,988
Tax effort[a]	$38.73	$44.82	$44.48	$38.37	$34.41	$37.74

[a] Local funding raised for every $1,000 of district income.

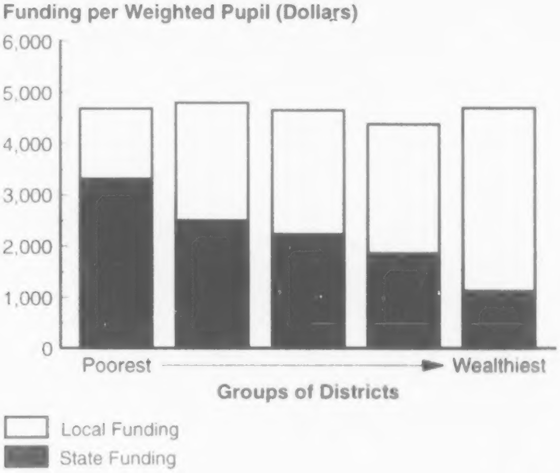
Table XLVIII.3 presents data on how state and local funding was distributed among the five groups of Texas districts. Texas' equalization policies eliminated the funding disparity between the wealthy and poor groups. Figure XLVIII.1 provides table information in graphic form.

Table XLVIII.3: State and Local Funding Distribution in Texas, School Year 1991-92

	Mean funding per weighted pupilighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,423	$1,373	$2,293	$2,424	$2,527	$3,566	2.60
State	2,180	3,316	2,500	2,230	1,851	1,126	0.34
Total	**$4,603**	**$4,689**	**$4,792**	**$4,654**	**$4,379**	**$4,691**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLVIII.1: State and Local Funding Distribution in Texas, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLVIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLVIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLVIII.3.

Table XLVIII.4: How State and Local Funding Would Have Been Distributed If Each District in Texas Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,437	$1,136	$1,975	$2,459	$2,864	$3,765	3.31
State	2,166	3,467	2,628	2,144	1,739	837	0.24
Total[c]	**$4,603**	**$4,603**	**$4,603**	**$4,603**	**$4,603**	**$4,603**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure XLVIII.2: How State and Local Funding Would Have Been Distributed If Each District in Texas Could Have Spent the Average, School Year 1991-92

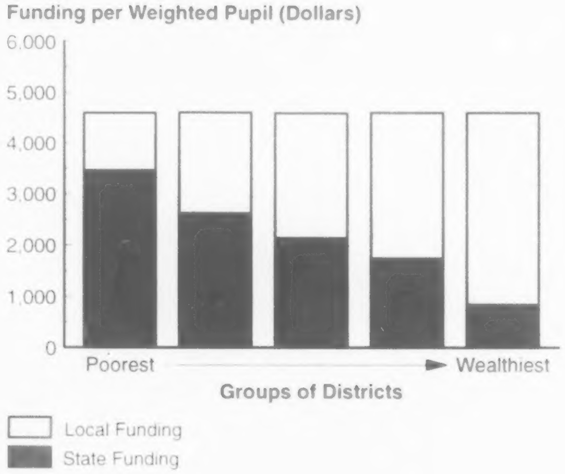
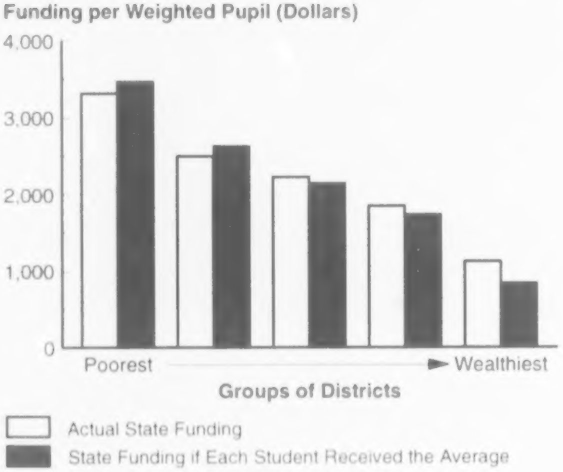


Figure XLVIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Texas Could Have Spent the Average, School Year 1991-92



Appendix XLIX

State Profile: Utah

Actual Education Funding Distribution in School Year 1991-92

As table XLIX.1 shows, in school year 1991-92, the state provided about 60 percent of the total funding to Utah's school districts. Total funding (state and local funds combined) per weighted pupil in Utah averaged $3,177 with an implicit foundation level of $2,240 for each student, which is about 71 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.172, indicating that state education funds were targeted to poor districts.[114] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .036, indicating that total funding increased as district income increased.[115] (To compare this score with those of other states, see fig. 1.) A Utah education official reported that the state had changed its school finance system since school year 1991-92 to increase funding to poor districts compared with wealthy districts (see app. LVI). To put the state's school finance system in perspective, table XLIX.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table XLIX.1: Summary Data for Utah in School Year 1991-92

Average total funding per weighted pupil[a]	$3,177
State share of total funding (percent)	60.2
Targeting score (state funds)[b]	–.172
Implicit foundation level[c]	$2,240
Equalization effort[d]	70.5
Fiscal neutrality score[e]	.036

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[114] However, this score is not significantly different from 0.

[115] See footnote 114.

Table XLIX.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	40	16	12	2	1[a]	9
Total pupils	456,552	105,334	47,601	123,040	80,330	100,247
Poverty rate (percent)	12.1	13.3	13.1	7.8	12.2	15.6
Disabled rate (percent)	10.6	11.2	10.4	9.8	9.5	12.2
Per pupil income	$41,385	$28,599	$35,986	$39,903	$43,367	$57,616
Tax effort[b]	$30.43	$45.72	$37.21	$27.55	$23.50	$26.86

[a] Salt Lake City was the only district in this group.

[b] Local funding raised for every $1,000 of district income.

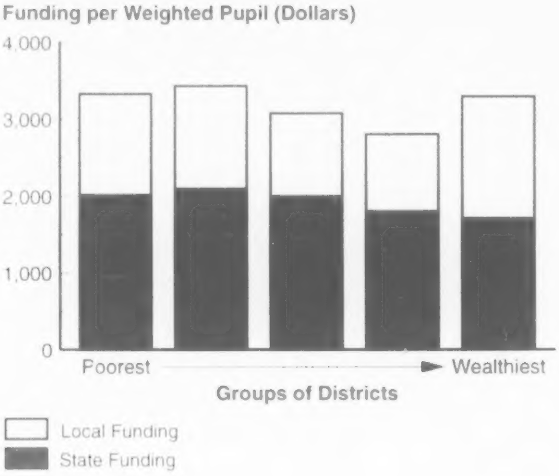
Table XLIX.3 presents data on how state and local funding was distributed among the five groups of Utah districts. Utah's equalization policies eliminated the funding disparity between the wealthy and poor groups, resulting in poor districts having 1 percent more funding than wealthy districts. Figure XLIX.1 provides table information in graphic form.

Table XLIX.3: State and Local Funding Distribution in Utah, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,266	$1,318	$1,338	$1,081	$1,006	$1,583	1.20
State	1,911	$2,015	$2,103	$2,001	$1,804	$1,718	0.85
Total	**$3,177**	**$3,333**	**$3,441**	**$3,082**	**$2,809**	**$3,301**	**0.99**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure XLIX.1: State and Local Funding Distribution in Utah, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table XLIX.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure XLIX.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure XLIX.3.

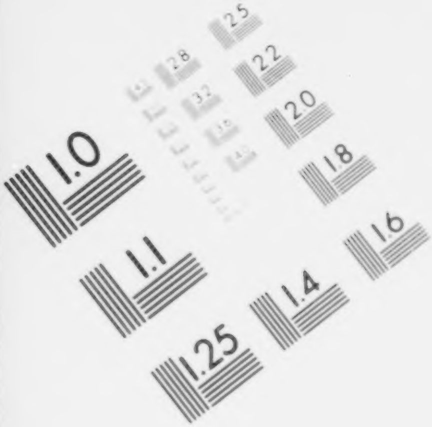
Table XLIX.4: How State and Local Funding Would Have Been Distributed If Each District in Utah Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,265	$870	$1,102	$1,242	$1,344	$1,724	1.98
State	1,911	2,307	2,075	1,935	1,833	1,453	0.63
Total[c]	$3,177	$3,177	$3,177	$3,177	$3,177	$3,177	1.00

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.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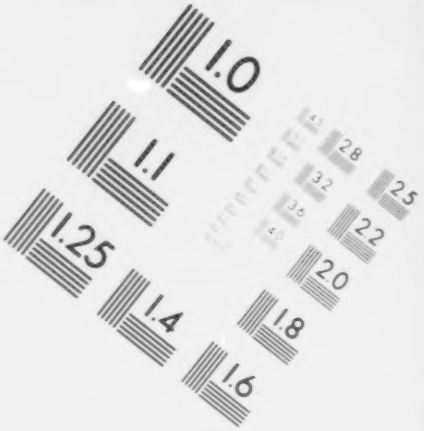
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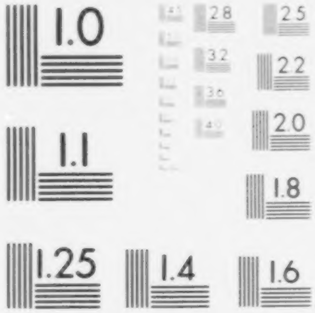
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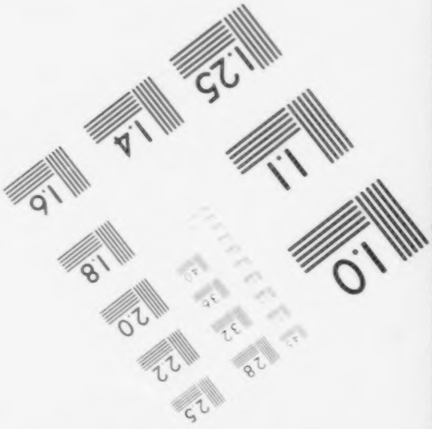
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Figure XLIX.2: How State and Local Funding Would Have Been Distributed If Each District in Utah Could Have Spent the Average, School Year 1991-92

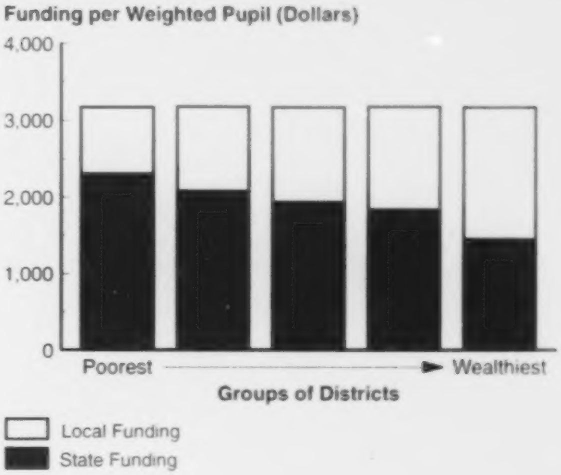
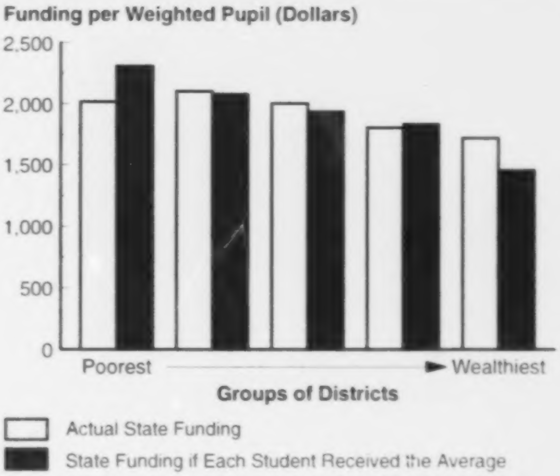


Figure XLIX.3: Comparison of Actual State Funding With State Funding Assuming Each District in Utah Could Have Spent the Average, School Year 1991-92



State Profile: Vermont

Actual Education Funding Distribution in School Year 1991-92

As table L.1 shows, in school year 1991-92, the state provided 29 percent of the total funding to Vermont's school districts. Total funding (state and local funds combined) per weighted pupil in Vermont averaged $7,722 with an implicit foundation level of $3,453 for each student, which is about 45 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.539, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .176, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table L.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table L.1: Summary Data for Vermont in School Year 1991-92

Average total funding per weighted pupil[a]	$7,722
State share of total funding (percent)	29.0
Targeting score (state funds)[b]	–.539
Implicit foundation level[c]	$3,453
Equalization effort[d]	44.7
Fiscal neutrality score[e]	.176

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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Table L.2: Demographic Context in School Year 1991-92

	State	Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5
Total districts	236	39	44	56	52	45
Total pupils	92,491	18,516	17,861	19,128	17,890	19,096
Poverty rate (percent)	11.8	14.2	11.4	10.6	10.5	12.2
Disabled rate (percent)	10.4	11.0	10.3	11.0	10.4	9.6
Per pupil income	$112,652	$56,715	$83,165	$102,725	$131,592	$186,672
Tax effort[a]	$48.97	$66.35	$50.78	$54.05	$50.74	$39.30

[a] Local funding raised for every $1,000 of district income.

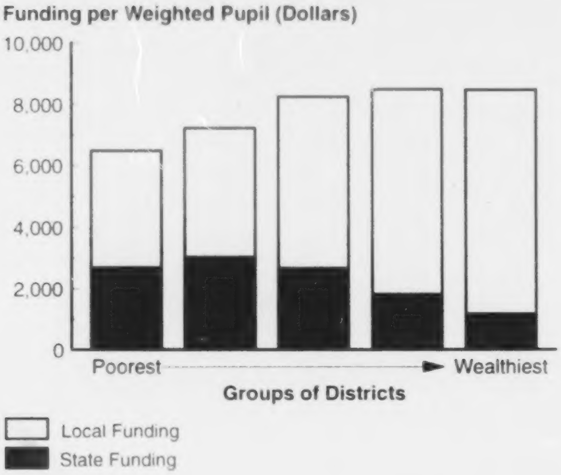
Table L.3 presents data on how state and local funding was distributed among the five groups of Vermont districts. Vermont's equalization policies reduced the funding disparity between the wealthy and poor groups from about 91 to 31 percent. Figure L.1 provides table information in graphic form.

Table L.3: State and Local Funding Distribution in Vermont, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
Funding source	State	Poorest Group 1	Group 2	Group 3	Group 4	Wealthiest Group 5	
Local	$5,479	$3,800	$4,212	$5,577	$6,656	$7,273	1.91
State	2,243	2,677	3,019	2,657	1,825	1,180	0.44
Total	**$7,722**	**$6,478**	**$7,231**	**$8,233**	**$8,481**	**$8,454**	**1.31**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure L.1: State and Local Funding Distribution in Vermont, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table L.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure L.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure L.3.

Table L.4: How State and Local Funding Would Have Been Distributed If Each District in Vermont Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local[b]	$5,507	$2,736	$4,063	$4,983	$6,439	$9,198	3.36
State	2,214	4,986	3,659	2,739	1,283	-1,476[c]	-0.30
Total[d]	**$7,722**	**$7,722**	**$7,722**	**$7,722**	**$7,722**	**$7,722**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure L.2: How State and Local Funding Would Have Been Distributed If Each District in Vermont Could Have Spent the Average, School Year 1991-92

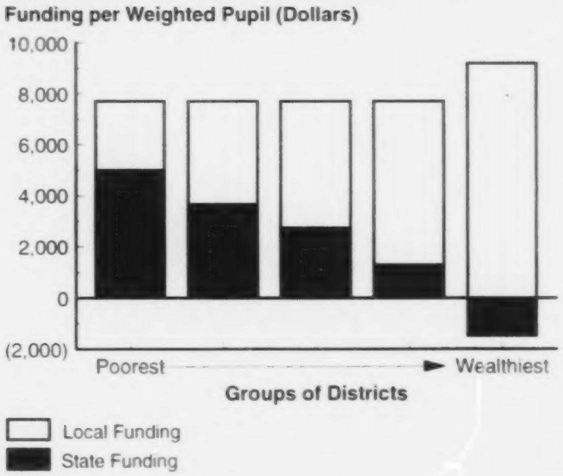
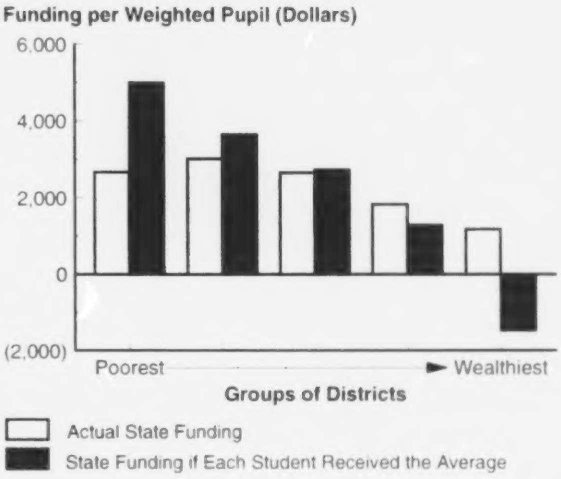


Figure L.3: Comparison of Actual State Funding With State Funding Assuming Each District in Vermont Could Have Spent the Average, School Year 1991-92



State Profile: Virginia

Actual Education Funding Distribution in School Year 1991-92

As table LI.1 shows, in school year 1991-92, the state provided 36 percent of the total funding to Virginia's school districts. Total funding (state and local funds combined) per weighted pupil in Virginia averaged $4,713 with an implicit foundation level of $2,541 for each student, which is about 54 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.499, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .377, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table LI.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table LI.1: Summary Data for Virginia in School Year 1991-92

Average total funding per weighted pupil[a]	$4,713
State share of total funding (percent)	36.0
Targeting score (state funds)[b]	–.499
Implicit foundation level[c]	$2,541
Equalization effort[d]	53.9
Fiscal neutrality score[e]	.377

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

Table LI.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	133	40	37	9	34	13
Total pupils	1,017,948	205,812	201,384	223,676	185,625	201,451
Poverty rate (percent)	13.4	20.3	15.4	10.5	14.9	6.0
Disabled rate (percent)	11.3	10.6	10.4	10.8	12.1	12.8
Per pupil income	$93,199	$62,643	$74,607	$80,465	$101,389	$149,596
Tax effort[a]	$31.55	$28.65	$28.34	$31.86	$34.66	$32.15

[a] Local funding raised for every $1,000 of district income

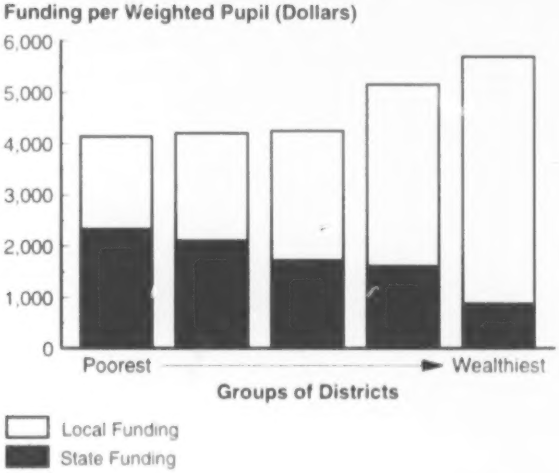
Table LI.3 presents data on how state and local funding was distributed among the five groups of Virginia districts. Virginia's equalization policies reduced the funding disparity between the wealthy and poor groups from about 168 to 38 percent. Figure LI.1 provides table information in graphic form.

Table LI.3: State and Local Funding Distribution in Virginia, School Year 1991-92

	Mean funding per weighted pupil						
		Poorest				Wealthiest	Funding of wealthiest group compared with poorest group[a]
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$3,018	$1,802	$2,100	$2,537	$3,555	$4,828	2.68
State	1,695	2,336	2,110	1,718	1,612	874	0.37
Total	**$4,713**	**$4,138**	**$4,210**	**$4,255**	**$5,167**	**$5,701**	**1.38**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure LI.1: State and Local Funding Distribution in Virginia, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table LI.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure LI.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure LI.3.

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Table LI.4: How State and Local Funding Would Have Been Distributed If Each District in Virginia Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	Funding of wealthiest group compared with poorest group[a]
Local[b]	$3,014	$2,026	$2,434	$2,634	$3,248	$4,813	2.38
State	1,699	2,687	2,279	2,079	1,465	–$100[c]	–0.04
Total[d]	**$4,713**	**$4,713**	**$4,713**	**$4,713**	**$4,713**	**$4,713**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The state would have had to recapture this amount of local funding from these districts for distribution to other districts.

[d] The average is the maximum foundation level possible in a state.

Figure LI.2: How State and Local Funding Would Have Been Distributed If Each District in Virginia Could Have Spent the Average, School Year 1991-92

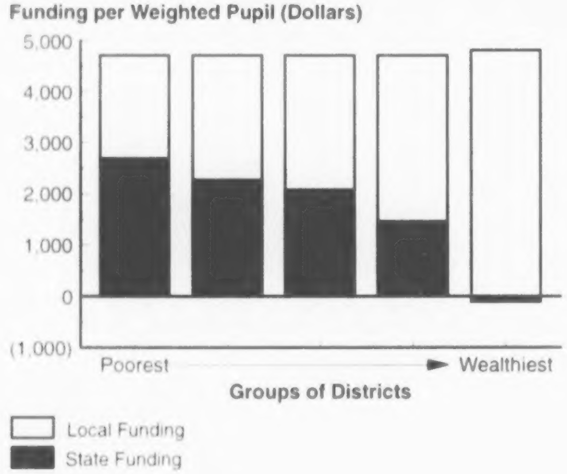
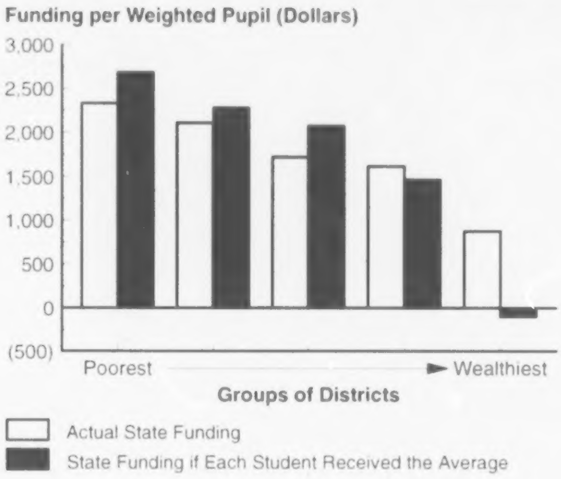


Figure LI.3: Comparison of Actual State Funding With State Funding Assuming Each District in Virginia Could Have Spent the Average, School Year 1991-92



State Profile: Washington

Actual Education Funding Distribution in School Year 1991-92

As table LII.1 shows, in school year 1991-92, the state provided about 75 percent of the total funding to Washington's school districts. Total funding (state and local funds combined) per weighted pupil in Washington averaged $5,302 with an implicit foundation level of $4,025 for each student, which is about 76 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.009, indicating that state education funds were targeted to poor districts.[17] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .055, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table LII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table LII.1: Summary Data for Washington in School Year 1991-92

Average total funding per weighted pupil[a]	$5,302
State share of total funding (percent)	75.2
Targeting score (state funds)[b]	–.009
Implicit foundation level[c]	$4,025
Equalization effort[d]	75.9
Fiscal neutrality score[e]	.055

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income. The score is not significantly different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income.

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[17] However, this score is not significantly different from 0.

Table LII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	290	104	50	45	43	48
Total pupils	860,198	176,414	166,660	179,429	170,415	167,280
Poverty rate (percent)	14.3	20.8	12.3	14.5	13.3	10.4
Disabled rate (percent)	9.6	10.3	9.5	10.4	8.8	8.8
Per pupil income	$82,373	$50,688	$64,265	$73,890	$87,323	$137,883
Tax effort[a]	$15.84	$17.72	$17.93	$17.14	$15.96	$13.44

[a] Local funding raised for every $1,000 of district income.

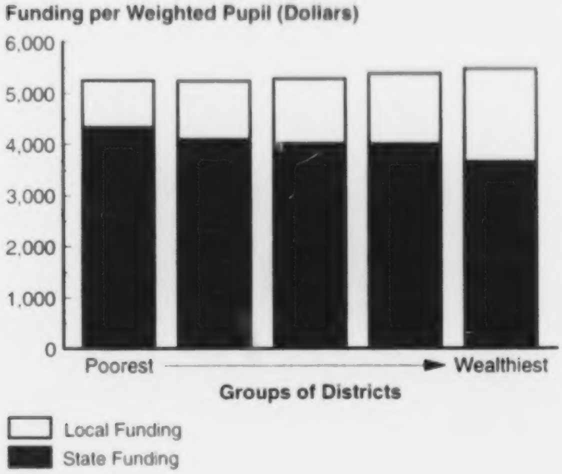
Table LII.3 presents data on how state and local funding was distributed among the five groups of Washington districts. Washington's equalization policies reduced the funding disparity between the wealthy and poor groups from about 99 to 4 percent. Figure LII.1 provides table information in graphic form.

Table LII.3: State and Local Funding Distribution in Washington, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$1,314	$915	$1,147	$1,279	$1,379	$1,824	1.99
State	3,988	4,337	4,094	4,013	4,003	3,657	0.84
Total	**$5,302**	**$5,252**	**$,5241**	**$5,292**	**$5,382**	**$5,481**	**1.04**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure LII.1: State and Local Funding Distribution in Washington, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table LII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure LII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure LII.3.

Table LII.4: How State and Local Funding Would Have Been Distributed If Each District in Washington Could Have Spent the Average, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,320	$797	$1,031	$1,169	$1,408	$2,233	2.80
State	3,981	4,505	4,271	4,132	3,894	3,069	0.68
Total[c]	**$5,302**	**$5,302**	**$5,302**	**$5,302**	**$5,302**	**$5,302**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure LII.2: How State and Local Funding Would Have Been Distributed If Each District in Washington Could Have Spent the Average, School Year 1991-92

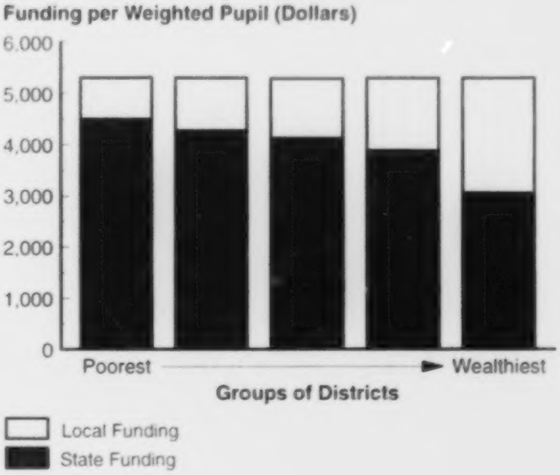
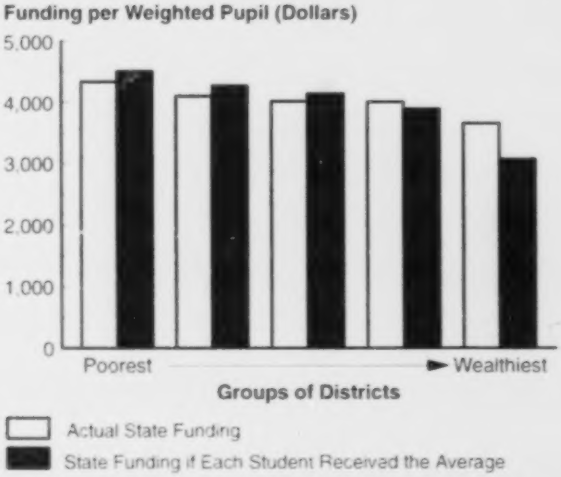


Figure LII.3: Comparison of Actual State Funding With State Funding Assuming Each District in Washington Could Have Spent the Average, School Year 1991-92



State Profile: West Virginia

Actual Education Funding Distribution in School Year 1991-92

As table LIII.1 shows, in school year 1991-92, the state provided about 73 percent of the total funding to West Virginia's school districts. Total funding (state and local funds combined) per weighted pupil in West Virginia averaged $4,927 with an implicit foundation level of $4,028 for each student, which is about 82 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.127, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .071, indicating that total funding increased as district income increased.[117] (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table LIII.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table LIII.1: Summary Data for West Virginia in School Year 1991-92

Average total funding per weighted pupil[a]	$4,927
State share of total funding (percent)	72.5
Targeting score (state funds)[b]	–.127
Implicit foundation level[c]	$4,028
Equalization effort[d]	81.8
Fiscal neutrality score[e]	.071

[a] The average is the maximum foundation level possible in a state.

[b] This is the elasticity of state funding relative to district income.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[117] However, this score is not significantly different from 0.

Table LIII.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	55	15	17	12	6	5
Total pupils	320,249	61,797	66,219	69,242	52,010	70,981
Poverty rate (percent)	25.6	37.7	27.5	22.8	18.6	21.1
Disabled rate (percent)	13.4	14.0	14.2	12.8	12.9	13.0
Per pupil income	$58,725	$38,898	$48,913	$57,314	$66,647	$80,711
Tax effort[a]	$23.03	$25.84	$22.84	$21.44	$25.09	$22.05

[a] Local funding raised for every $1,000 of district income.

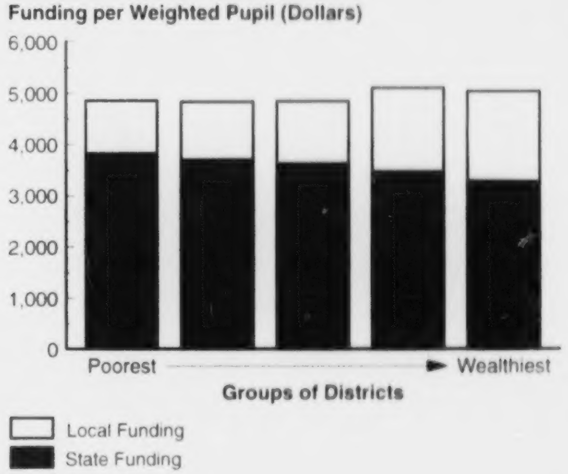
Table LIII.3 presents data on how state and local funding was distributed among the five groups of West Virginia districts. West Virginia's equalization policies reduced the funding disparity between the wealthy and poor groups from about 70 to 4 percent. Figure LIII.1 provides table information in graphic form.

Table LIII.3: State and Local Funding Distribution in West Virginia, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	**State**	**Group 1**	**Group 2**	**Group 3**	**Group 4**	**Group 5**	
Local	$1,353	$1,032	$1,130	$1,216	$1,645	$1,759	1.70
State	3,574	3,827	3,698	3,624	3,462	3,284	0.86
Total	**$4,927**	**$4,859**	**$4,828**	**$4,840**	**$5,107**	**$5,044**	**1.04**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure LIII.1: State and Local Funding Distribution in West Virginia, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table LIII.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure LIII.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure LIII.3.

Table LIII.4: How State and Local Funding Would Have Been Distributed If Each District in West Virginia Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$1,358	$874	$1,114	$1,335	$1,561	$1,882	2.15
State	3,569	4,053	3,813	3,592	3,367	3,045	0.75
Total[c]	**$4,927**	**$4,927**	**$4,927**	**$4,927**	**$4,927**	**$4,927**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure LIII.2: How State and Local Funding Would Have Been Distributed If Each District in West Virginia Could Have Spent the Average, School Year 1991-92

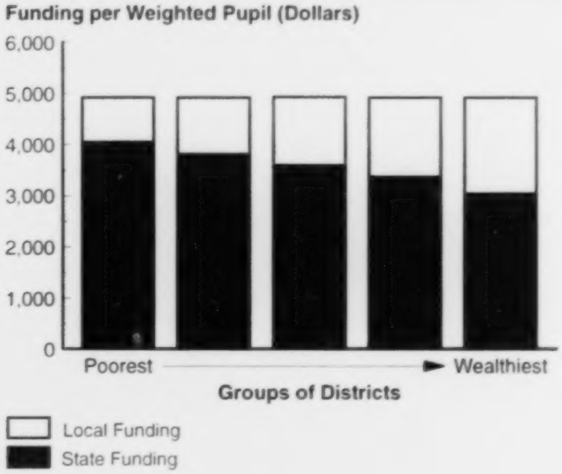
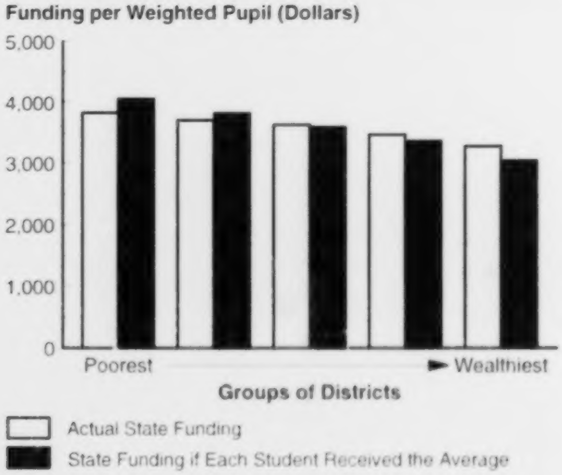


Figure LIII.3: Comparison of Actual State Funding With State Funding Assuming Each District in West Virginia Could Have Spent the Average, School Year 1991-92



State Profile: Wisconsin

Actual Education Funding Distribution in School Year 1991-92

As table LIV.1 shows, in school year 1991-92, the state provided about 46 percent of the total funding to Wisconsin's school districts. Total funding (state and local funds combined) per weighted pupil in Wisconsin averaged $5,865 with an implicit foundation level of $3,439 for each student, which is about 59 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was –.270, indicating that state education funds were targeted to poor districts. (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was .129, indicating that total funding increased as district income increased. (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table LIV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table LIV.1: Summary Data for Wisconsin in School Year 1991-92

Average total funding per weighted pupil[a]	$5,865
State share of total funding (percent)	46.2
Targeting score (state funds)[b]	–.270
Implicit foundation level[c]	$3,439
Equalization effort[d]	58.6
Fiscal neutrality score[e]	.129

[a] The average is the maximum foundation level possible in a state

[b] This is the elasticity of state funding relative to district income

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort

[d] This is the implicit foundation as a percent of the average

[e] This is the elasticity of total (state and local) funding relative to district income

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Table LIV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	426	168	47	79	42	90
Total pupils	813,614	162,519	163,918	160,381	164,659	162,137
Poverty rate (percent)	14.1	16.0	25.8	10.4	10.8	7.2
Disabled rate (percent)	11.0	10.9	11.6	11.0	11.4	10.2
Per pupil income	$82,555	$56,430	$68,951	$75,869	$85,530	$126,089
Tax effort[a]	$38.31	$47.27	$32.46	$40.43	$36.99	$37.63

[a] Local funding raised for every $1,000 of district income.

Table LIV.3 presents data on how state and local funding was distributed among the five groups of Wisconsin districts. Wisconsin's equalization policies reduced the funding disparity between the wealthy and poor groups from about 74 to about 8 percent. Figure LIV.1 provides table information in graphic form.

Table LIV.3: State and Local Funding Distribution in Wisconsin, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$3,157	$2,673	$2,297	$3,049	$3,158	$4,647	1.74
State	2,707	3,301	3,234	2,777	2,457	1,808	0.55
Total	**$5,865**	**$5,974**	**$5,531**	**$5,825**	**$5,615**	**$6,455**	**1.08**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

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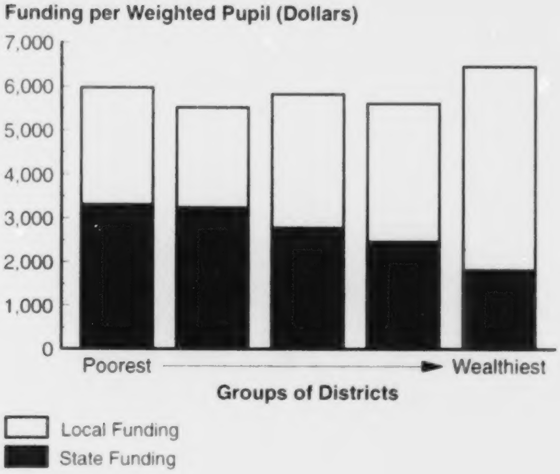
Figure LIV.1: State and Local Funding Distribution in Wisconsin, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table LIV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure LIV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure LIV.3.

Table LIV.4: How State and Local Funding Would Have Been Distributed If Each District in Wisconsin Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$3,176	$2,158	$2,571	$2,921	$3,278	$4,954	2.30
State	2,689	3,707	3,294	2,944	2,586	911	0.25
Total[c]	**$5,865**	**$5,865**	**$5,865**	**$5,865**	**$5,865**	**$5,865**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure LIV.2: How State and Local Funding Would Have Been Distributed If Each District in Wisconsin Could Have Spent the Average, School Year 1991-92

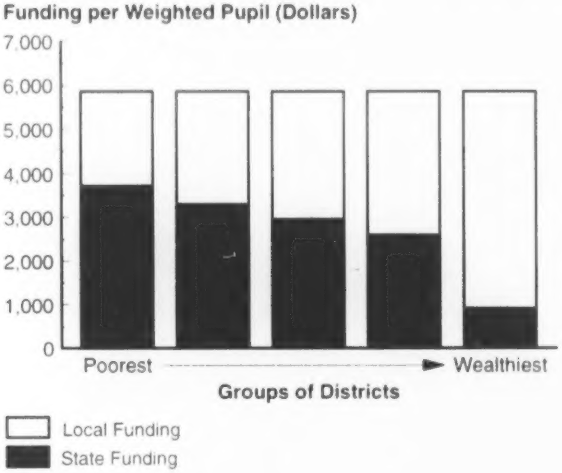
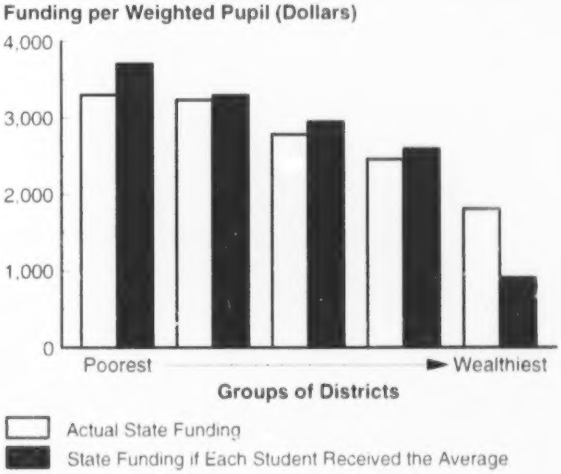


Figure LIV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Wisconsin Could Have Spent the Average, School Year 1991-92



State Profile: Wyoming

Actual Education Funding Distribution in School Year 1991-92

As table LV.1 shows, in school year 1991-92, the state provided about 53 percent of the total funding to Wyoming's school districts. Total funding (state and local funds combined) per weighted pupil in Wyoming averaged $5,920 with an implicit foundation level of $3,111 for each student, which is about 53 percent of the average and represents the state's equalization effort. (To compare this effort with those of other states, see fig. 5.) The targeting score for state funding was .000, indicating that state education funds were not targeted to poor or wealthy districts.[118] (To compare this score with those of other states, see table V.1 in app. V.) The fiscal neutrality score was −.196, indicating that total funding increased as district income decreased.[119] (To compare this score with those of other states, see fig. 1.) To put the state's school finance system in perspective, table LV.2 presents demographic data for school year 1991-92 for five groups of districts of increasing district income.

Table LV.1: Summary Data for Wyoming in School Year 1991-92

Average total funding per weighted pupil[a]	$5,920
State share of total funding (percent)	52.5
Targeting score (state funds)[b]	.000
Implicit foundation level[c]	$3,111
Equalization effort[d]	52.5
Fiscal neutrality score[e]	−.196

[a] The average is the maximum foundation level possible in a state.

[b] This is the constrained score (elasticity of state funding relative to district income) used to calculate the state's implicit foundation level. The actual targeting elasticity is .296, which is not statistically different from 0.

[c] This is the minimum amount of total funding the state's equalization policies would enable districts to spend for each student, assuming all districts had made the same minimum tax effort.

[d] This is the implicit foundation as a percent of the average.

[e] This is the elasticity of total (state and local) funding relative to district income. The score is not significantly different from 0.

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[118] This is the constrained targeting score used to calculate the state's implicit foundation level. This differs from the actual targeting score found in table V.1 in app. V.

[119] However, this score is not significantly different from 0.

Table LV.2: Demographic Context in School Year 1991-92

		Poorest				Wealthiest
	State	Group 1	Group 2	Group 3	Group 4	Group 5
Total districts	49	17	10	13	5	4
Total pupils	101,017	20,293	19,411	21,327	19,421	20,565
Poverty rate (percent)	13.8	14.5	12.9	13.9	14.3	13.2
Disabled rate (percent)	10.3	9.5	9.7	11.2	11.0	9.7
Per pupil income	$55,152	$37,739	$46,924	$55,741	$61,767	$71,450
Tax effort[a]	$51.22	$90.83	$82.84	$59.54	$28.88	$21.79

[a] Local funding raised for every $1,000 of district income.

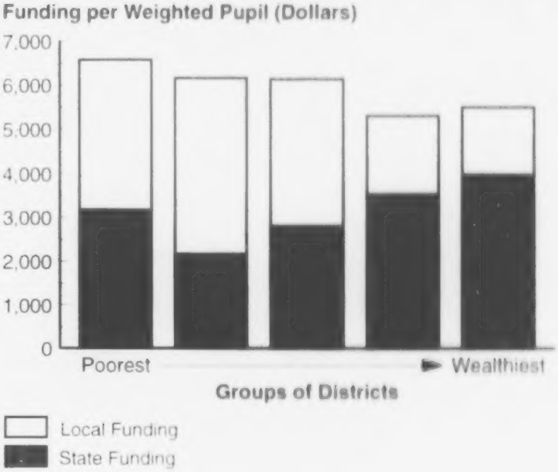
Table LV.3 presents data on how state and local funding was distributed among the five groups of Wyoming districts. Wyoming's equalization policies resulted in wealthy districts having 16 percent less funding than poor districts. Figure LV.1 provides table information in graphic form.

Table LV.3: State and Local Funding Distribution in Wyoming, School Year 1991-92

	Mean funding per weighted pupil						Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local	$2,810	$3,405	$4,015	$3,355	$1,801	$1,546	0.45
State	3,111	3,169	2,148	2,782	3,516	3,968	1.25
Total	**$5,920**	**$6,573**	**$6,163**	**$6,137**	**$5,317**	**$5,514**	**0.84**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

Figure LV.1: State and Local Funding Distribution in Wyoming, School Year 1991-92



How Funding Would Have Been Distributed If Districts Could Have Spent the Average on Each Student

Table LV.4 provides data on the distribution of state and local funding if all districts could have spent the average total funding per weighted pupil with an average tax effort. This assumes the state optimized its targeting effort without changing the state share or the total funding for education. Under this scenario, the implicit foundation level equals the maximum possible foundation level (the state average). Figure LV.2 provides this information in graphic form. The difference between how state funding was actually distributed and how it would have been distributed if districts could have financed the average is shown in figure LV.3.

Table LV.4: How State and Local Funding Would Have Been Distributed If Each District in Wyoming Could Have Spent the Average, School Year 1991-92

		Mean funding per weighted pupil					Funding of wealthiest group compared with poorest group[a]
		Poorest				Wealthiest	
Funding source	State	Group 1	Group 2	Group 3	Group 4	Group 5	
Local[b]	$2,811	$1,939	$2,509	$2,811	$3,117	$3,667	1.89
State	3,109	3,981	3,411	3,109	2,803	2,253	0.57
Total[c]	**$5,920**	**$5,920**	**$5,920**	**$5,920**	**$5,920**	**$5,920**	**1.00**

[a] This ratio is determined by dividing the wealthiest districts' funding by the poorest districts' funding.

[b] This is the local funding that could have been raised assuming all districts had made the same average tax effort.

[c] The average is the maximum foundation level possible in a state.

Figure LV.2: How State and Local Funding Would Have Been Distributed If Each District in Wyoming Could Have Spent the Average, School Year 1991-92

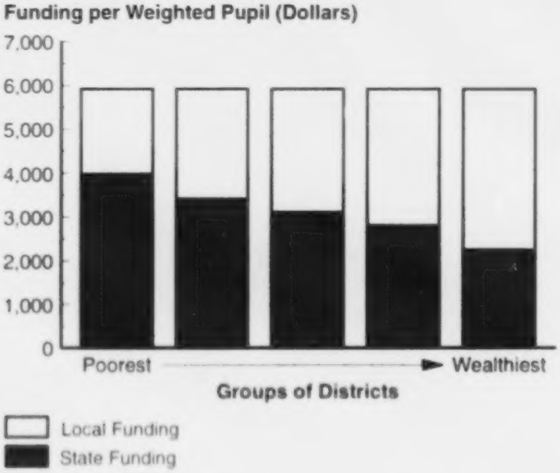
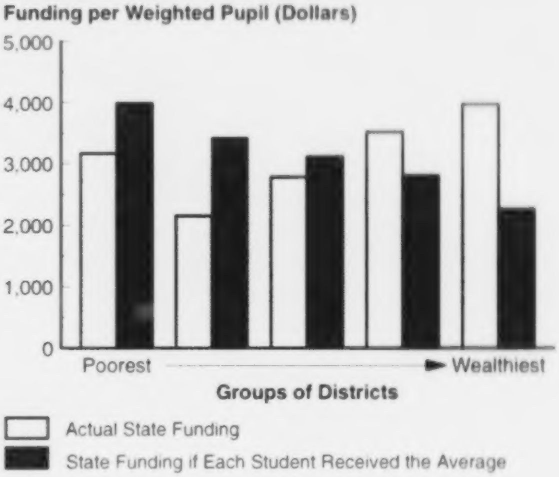


Figure LV.3: Comparison of Actual State Funding With State Funding Assuming Each District in Wyoming Could Have Spent the Average, School Year 1991-92



Appendix LVI

State Survey Results

In this report, we relied on state and local funding data from the 1991-92 school year. However, many states have made subsequent changes to their school finance system in response to legal changes or to concerns about equity. We telephoned officials in the 49 states to determine what changes had been implemented in the school finance system from school years 1991-92 through 1995-96. We specifically asked about changes in targeting that would affect low-wealth districts and changes in a state's share of total funding.[120] These two factors affect the implicit foundation level that all districts in a state can finance with the same minimum tax effort—the greater the targeting effort to low-wealth districts or the greater the state share, or both, the greater the implicit foundation level.

Education officials in over half the states (25) said their state had not increased the targeting of state funds to low-wealth districts since school year 1991-92. Officials in the other 24 states reported that their state was targeting more or many more state funds to low-wealth districts. We did not verify the statements of the state officials.

Fewer states had increased the state share of total funding significantly. Officials in eight states reported an increase of 6 percentage points or more in the state share. Officials in 38 states reported that their state's share of total funding had a net increase or decrease of 5 percentage points or less, and 3 states reported a decrease of 6 percentage points or more.[121]

Among the states that had changed their finance system were Missouri and Michigan. These states reported using different approaches to raise revenue and target more funds to low-wealth districts. Missouri's state share declined slightly, but changes implemented in 1993 resulted in increased targeting to low-wealth districts. The state developed a new formula that rewards districts for tax effort—the lower the property wealth and the higher the tax rate, the more state funding a district receives. In Michigan, the state share increased almost 45 percentage points between school years 1991-92 and 1994-95 as statewide property and sales taxes replaced the local property tax as the principal source of funding. Since 1994 (the year the new system was implemented), the lowest wealth districts have experienced an increase of about 50 percent in state funding; the highest wealth districts, however, have had to raise their local property taxes to maintain former spending levels. Table LVI.1 summarizes our findings of the changes states have made.

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[120] Not all states had school year 1995-96 data available: seven states reported changes as of school year 1994-95, and two states reported changes as of school year 1993-94.

[121] Because not all state officials knew the local contribution for capital expenditures and debt service we asked state officials to estimate their state's share of total funding exclusive of these categories.

Table LVI.1: Summary of Changes to State School Finance Systems, School Years 1991-92 to 1995-96

State	Change in state share (percentage points)	1995-96 targeting to low-wealth districts compared with 1991-92			
		Much more	More	Same	Less
Alabama	3.2	X			
Alaska	–0.8			X	
Arizona	2.0			X	
Arkansas	6.0			X	
California[a]	–9.7			X	
Colorado	11.2		X		
Connecticut[b]	–1.4		X		
Delaware	–1.6			X	
Florida	–0.3			X	
Georgia	2.2			X	
Idaho[b]	0.4		X		
Illinois[a]	–1.1			X	
Indiana[b]	2.2		X		
Iowa	0.8			X	
Kansas	17.6		X		
Kentucky	2.4			X	
Louisiana	–6.0	X			
Maine	–5.0			X	
Maryland	–1.1		X		
Massachusetts	8.0	X			
Michigan[b]	44.9	X			
Minnesota	0.4		X		
Mississippi	2.2		X		
Missouri	–1.3	X			
Montana	–4.9	X			
Nebraska	0.2		X		
Nevada	–6.9			X	
New Hampshire	–1.0			X	
New Jersey	–5.0		X		
New Mexico	0.0			X	
New York	–3.2			X	
North Carolina	–1.0		X		
North Dakota	–4.0		X		

(continued)

State	Change in state share (percentage points)	1995-96 targeting to low-wealth districts compared with 1991-92			
		Much more	More	Same	Less
Ohio[b]	-0.4		X		
Oklahoma[b]	3.0			X	
Oregon	30.0		X		
Pennsylvania	-1.1			X	
Rhode Island	0.8		X		
South Carolina	-1.7			X	
South Dakota	-0.4			X	
Tennessee	10.0	X			
Texas	1.1		X		
Utah	24.0		X		
Vermont	-3.4			X	
Virginia[b]	2.1			X	
Washington	-2.7			X	
West Virginia	-4.0			X	
Wisconsin	3.7			X	
Wyoming	0.7			X	

[a] Change as of school year 1993-94

[b] Change as of school year 1994-95

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Glossary

Elasticity	The percent change in one variable relative to a 1-percent change in another variable.
Equalization	In the context of this report, a state's effort to compensate for differences in districts' abilities to raise education revenues.
Equalization effort	The ratio of a state's implicit foundation level to the maximum foundation level (the state average).
Equity	Equity in school finances is concerned with the distribution of education funding or resources. To determine the equity of school finance systems, experts recommend considering the following four issues: (1) who is to benefit (taxpayers or public school students); (2) what objects are to be equally distributed, such as revenues or key resources (for example, curriculum and instruction), or outcomes (for example, student achievement); (3) what principle is to be used for determining whether distribution is equitable (such as vertical equity or fiscal neutrality); and (4) the statistic used to measure the degree of equity.
Fiscal neutrality	A definition of equity that asserts that no relationship should exist between educational spending per pupil and local district income per pupil (or some other measure of fiscal capacity). In this study, a fiscal neutrality score of 0 indicates that no relationship exists between district funding and district income.
Fiscal neutrality score	The elasticity of total (state and local) funding relative to district income.
Implicit foundation level	The minimum amount of total funding per weighted pupil that a state's equalization policies implicitly enable districts to spend with the same minimum local tax effort.
Maximum foundation level	The average amount of total funding per weighted pupil in a state.
Tax effort	In this study, the tax effort is a ratio of a district's local education revenue to its income.

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